



THE NEW GERMAN REPUBLIC



ELMER • LUEHR

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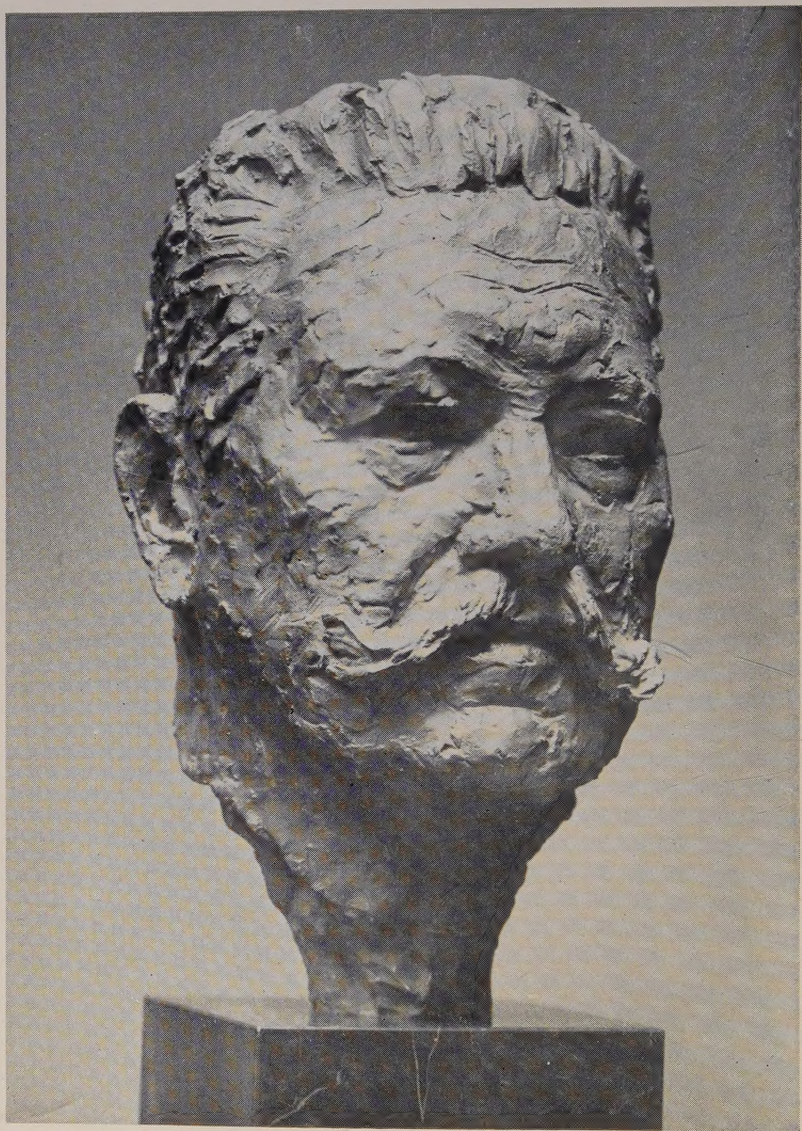
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THE NEW GERMAN REPUBLIC



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Bust of von Hindenburg by Ernesto de Fiori

THE NEW GERMAN REPUBLIC

The Reich in Transition

ELMER LUEHR

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BY

ELMER LUEHR

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TO MY FATHER
IN HOMAGE TO
INTELLECTUAL SWEEP
AND CLEAR PERSPECTIVE

FOREWORD

The chief pleasure of finishing this book here in the front derives from the ability to thank in this inadequate manner Professor C. F. Huth of the University of Chicago for his benevolent counsel, which has been of immeasurable service to me. It is with reluctance that I must fall back upon the shabby payment which declares a good deed to be its own best reward, but my debt is so vast and so intangible that it is unrequitable.

The chivalrous lavishness of his time and energy that Professor Kuno Francke of Harvard bestowed upon my manuscript is unfortunately in the same category and can only be mentioned with profound gratitude. I can only hope with misgiving that the outcome may be worthy of his generosity.

To Professor Ferdinand Schevill, also of the Unniversity of Chicago, I stand in the relation of the farmer to the weather man, whose reports are of such moment to the former but whose worth is seldom evaluated. Unhappily the fruits of the soil fall exclusively to the farmer, and so here also the weather man can enjoy only the satisfaction of a faithful report.

ELMER LUEHR

*Chicago,
August, 1929*

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CHAPTER I

THE REVOLUTION

THE dull dawn of a bleak autumn day, darkened by the deep Compiègne forest, broke sullenly from a gray sky, as the German Armistice Delegation ended its wayfaring. The delegates blinked in wonder. They had journeyed the fantastic path of an Aladdin. In the silence and dark they had placed themselves in the hands of their enemies. They had unhesitatingly followed their taciturn guides in the labyrinthian steps from trench to headquarters, through ruined towns, into automobile, into train. Without remonstrance they rode all night, while the rain beat a fierce tattoo upon the blinded train windows, which shut out the countryside from these highly accredited plenipotentiaries. For over four years no German had freely passed through the Allied lines. And now they were at rest in the depths of an unknown French forest.

Under Erzberger's leadership the party had entrained at Berlin on November 6th. They had left Spa, the Belgian headquarters of the German Grand Staff, by automobiles at noon the following day. Their goal was a spot on the French lines, nothing more definite. The German wireless request for a rendezvous had reached Foch at midnight, November 5th. One hour later, at 1:25, November 6th, he replied. An outpost on the main road, Maubeuge—la Capelle—Guise, was all that he vouchsafed.

The time marked for the meeting was five in the afternoon but the Germans did not arrive until ten in the evening. They had been delayed all along the route by the condition of their roads, in poor repair and blocked with military transports. Their

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tardiness was indicative of Germany's plight. Finally they reached the lines and overcame the difficulties of establishing amicable contact with the enemy in the dark at the appointed place. A French captain had been keeping the vigil.

The late comers were silently conducted to waiting automobiles. At la Capelle a major took charge. At Homblières, division headquarters, a frugal midnight repast was served. The ride, resumed at 1:30 A. M., seemed intentionally drawn out, protracted emphasis being laid upon the passage through the devastated towns. Little was said except the laconic eloquence of a razed town's name. "There is St. Quentin." The havoc spoke mutely. At Tergnier they boarded their special train, equipped with sleeping car and diner. All curtains were drawn.

They awoke the next morning, November 8th, ten kilometers from Compiègne in the forest at Rethonde, a mere name in the railway schedule, where they had been backed onto a side-track alongside of Foch's special train, which had arrived early the evening before. The red tail lights of the German train in the misty dawn were the first knowledge that the French had of its arrival.

While they waited for the first meeting at nine, the Germans observed that the woods were unpeopled, no house in sight, not even a tent, only soldiers. Foch was painfully correct, greeting them with a grave salute. Credentials were requested, delivered and in retirement examined. After satisfying himself that the German delegates had been duly accredited, Foch opened with "Que voulez-vous?" (What do you want?) The German reply was a simple statement that they had come for the terms of an armistice, a fact that could hardly be unknown. Foch was enigmatic: "I have none." Erzberger produced and read President Wilson's notification to apply to Foch for terms. The Marshal turned prompter. If they would ask for an armistice (which they had already done), he would let them know the Allied conditions. "Do you ask for an armistice?" A twin "Ja" burst from Oberndorf and Erzberger.

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The preliminaries were over. The reading of the terms took a full hour; each sentence had to be translated. After the reading Erzberger, the German chief, moved for an immediate suspension of hostilities. This was beyond Foch's authority. The Germans could take or leave the terms in a seventy-two hour limit. Permission was given them to communicate by radio with their government. At two in the afternoon, furthermore, one of the visiting delegation was sent back to Spa as a courier with the terms.

The conference around the table, which occupied most of the space in Foch's private car, broke up and the Germans returned to their train where they divided the work of examining the truce. They were acutely aware of being cut off from the rest of the world, hostages in the midst of a hostile armed camp. For there they could plainly see the French *poilus* guarding the little clearing that was their internment camp. There they could take a short turn or two to get the kinks out of their legs. No curious throngs of townspeople or the traffic of a city anxious to get an external glimpse of historical events. The isolation of over four years was continued.

Captain Hildorf, the German courier, accompanied by a French major, reached the outpost to recross into his lines. A flag was waved but a volley was the answer. A second attempt got the same acknowledgment. The regulation bugle call fell on deaf ears. At dawn the situation was unchanged: a serious misunderstanding considering that every minute was precious in the brief seventy-two hours. When the dilemma became known to Foch he arranged to send an airplane to Spa with the terms. In the meantime negotiations were carried on between the two trains. Both on November 8th and 9th the Germans had conferences with the Allies. On the afternoon of the 9th they delivered their formal objections to the conditions. The Allied delegates refused them except as to a very few details.

Back at home in the sorely distressed Fatherland unrest was rife. A revolt of idle sailors in the great naval base of Kiel

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had broken out and, when the delegation left, was still unruly and gathering force, a week after it had commenced. The restless movement had caused concern at army headquarters and was receiving the earnest attention of the Berlin authorities.

Perhaps the only thing the Teutons were enjoying was the plentiful food. They were laden with cares when they left Germany. Here they had found a host of new ones. They never lost sight of the impossible military situation, the danger of a breaking-through and the possibility of the war being carried to German soil. At every meal they were reminded of the hunger rations at home. Their allies had dropped away. The thousand and one difficulties that beset their country harassed them. On top of all this came the harsh, inflexible armistice conditions with disarmament, evacuation of occupied territory, and continuance of the strangling blockade. The burden of a world of trouble was not enough but the moon must fall out of the skies to make it heavier.

Without an excusable gesture of triumph, with the wonted restraint and courtesy, they were handed the Parisian papers emblazoned with the news of the Kaiser's abdication. The Germans were stunned, unbelieving. Impossible for a Hohenzollern to be rushed in this fashion. How could a localized disturbance of restless sailors seize the sturdy, stable German people? And if it had, why, surrounded by a phalanx of millions of loyal soldiers who had stood off an embattled world, should the monarch abdicate? If it were true, what effect would this have on the concluding of an armistice? The terms were so rigorous that the delegates profoundly doubted their acceptability. And now was a decision to go by default?

The matter was not long in doubt. In order to take on water (there was not even water at Rethonde) the two trains were brought to Compiègne every evening. As they pulled into that town at seven in the evening of November 10th a telephone message awaited Foch, stating that a German wireless authorizing acceptance had been intercepted. The despatch was in open language but concluded with the three numbers which had been

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agreed upon to identify its authenticity. Yet Erzberger was loath to sign. Shortly upon this first message followed the receipt of Hindenburg's code authorization. By 12:30 in the night the radiogram had been deciphered. It instructed for an effort at modification, but ordered acceptance if that fail.

The historic table filling the narrow length of the rebuilt sleeping-car was again surrounded by the high dignitaries, and the Germans saw Foch for the second and last time. The terms, modified in minor points, were read. The Germans requested a further group of alterations, all of which except a few were rejected. At 5:15 in the morning of November 11th the final terms were agreed upon. As time was important, the Germans agreed to sign on the blank line and let the terms be typewritten in over their signature. At 9:30 Captain Geyer completed the last ceremonies when he signed a receipt for the German copy of the final terms. At 11 that morning the thunder of cannon and the hum of bullets ceased. At 12 noon the German train moved out of Rethonde, a few minutes later passing through Compiègne, turned from a silent, provincial, battle-torn city into a throng of rejoicing soldiers and townspeople.

Festivities were awaiting the commission in Germany too. Everybody, winner and loser, the whole world was tumultuous over the arrival of peace. But the first impression the returning delegates got of the German celebration was dismal: a new world as removed from their habits as China; the firm discipline of the German army gone; scarcely any order; the men in improvised red arm bands; the officers unheeded; gold braid and shoulder plates unsaluted; equality enthroned.

Now the plenipotentiaries could understand the Kaiser's abdication. The incredulity that had seized them upon reading the French newspapers gave way to amazement. Isolated, unsuspecting, they had been in the French forest. Their countrymen at home were caught no less in a dark forest. No one was ready, not even he who had been using Russian gold to prepare for revolution. The swiftly moving current of history swept all with

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it, monarchists and communists alike, generals and politicians, intelligence division and civilian observer. "The majority of German business men were taken, as I was, by surprise," says Hjalmar Schacht, now President of the Reichsbank.

The tide of sailors' unrest in Kiel had engulfed the whole nation. The waters had swelled in 1917 but had ebbed away again after rising to dangerous heights. The intolerably poor condition of the food and the misconduct of the officers had brought the discontent to a head. On June 6, 1917, a hunger strike was initiated on board the "Prinzregent Luitpold." A month later it welled up anew on the "Frederick the Great." The whole harbor was in an ugly mood. Disaffection, expressed by the refusal to accept the proffered food, broke out everywhere. But on July 20th the passive campaign became active when one hundred and forty sailors marched off the "Pillau" because furloughs were restricted.

The first arrests were made after forty-nine firemen of the "Prinzregent Luitpold" left ship at nine o'clock, August 1st, in protest against the removal of movie privileges. Eleven men were taken into custody. Four hundred men abandoned ship the next day in an assertion of solidarity. Trouble now broke out like boils. The crew of the "Westfalia" refused to coal ship on August 16th but were persuaded to return to work. On the same day at muster all sailors on the "Rhineland" stepped forward to protest.

The outbreaks were soothed over but the authorities were alarmed. Forty sailors were condemned by courtmartial, sixteen to death. The Kaiser intervened for fourteen. Reichspietsch and Kürbis were singled out for the extreme penalty. The former, executed on September 5, 1917, is hailed now as a martyr to crass officialdom.

The epidemic of mutinies in 1917 was carefully extinguished but the focus of infection remained. To remove the breeding-spot it would have been necessary to bestir the whole navy to action, to seek out the British fleet for battle. But the Kaiser

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had vetoed Tirpitz' plans by ordering the fleet to idle in safety under mighty coast guns. The moths of dissension had promptly crept into Germany's unused protective naval blanket. Tirpitz resigned. His dissatisfied officers expressed solidarity with their long gray, fork-bearded idol by requesting transfers to the army and action. "Der Tag" had arrived only to see Britannia rule the waves. The concerted action of the officers became known as "The Officers' Revolt of 1915."

The Kaiser prevented the transfer of the naval officers to the army and the commissioned naval ranks had to sit in champing impatience through four years of war. The initiation of peace negotiations in October, 1918, destroyed all prospects of realizing the navy's hopes of a great challenge to English sea supremacy. On October 21, 1918, the submarine campaign was suspended in order to make a continuation of the armistice negotiations possible. The navy saw its only effective weapon struck from its hands. The erect pride of the officers demanded vindication of the naval honor. The officers toyed with a big settlement of their own initiative. Despite the Kaiser's decree of October 26, 1918, subordinating the military and naval to the civil departments, they went ahead.

The tidings of peace negotiations were heralded by the eighty thousand seamen as a ticket for home. But while the men were thinking of civil life, the officers were preparing for heroic death. They planned the most curious coup d'état in history, a coup not against the government but for it. The war was their enterprise. If the government falsely chose to abandon it, they would continue it as their private feud. At least one grand and daring blow should be struck at England. The whole fleet was to hurl itself in a gigantic attack whether the honorless civilians willed it or no.

The officers celebrated the eve of this grand gesture by banquets aboard. Champagne bottles clooped, ringing toasts resounded. To victory, to death with glory, to an honorable end,

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to the honor of the navy. "We will go down with flags flying, firing our last two thousand rounds."

The men detailed to wait on table quickly grasped the situation. They relayed the news to the crews. The sailors were ablaze. When the order came on October 28th to weigh anchor and run out to sea, instead of making steam the firemen pulled their fires.

The seamen who brought their officers' rebellion to naught had themselves no notion of revolting against their superiors. They wanted only to wait the outcome of the peace negotiations. They were willing to defend the coast but were unwilling to consider an attack upon the enemy. They were not taken in by the officers' subsequent statement that an offensive movement had not been contemplated, only a localized action on the Belgian coast where English gunboats were supposed to have been raking the German land positions. They saw only a futile death for thousands to satisfy professional honor. The seamen realized that they had aborted a disruption of the pourparlers: no enemy would continue discussions after a treacherous endeavor to force a naval decision.

The commissioned ranks were clearly guilty of unpatriotic insubordination which might have had the most serious consequences for the nation. The officers have since argued but without admitting their fault that an action of such magnitude under the cover of submarines afforded a splendid chance for victory. Even if defeat had ensued, they concluded, the English fleet would have been so weakened that the American navy would have become the world's strongest and consequently the supposed American policy of moderation at the peace conference would have been irresistible. Their apology has the ring of *ex post facto* justification.

The frustrated coup left the roadstead of Wilhelmshaven seething. The officers enforced their sacrificed authority by wholesale arrests. The "Markgraf" was turned into a prison-ship for two hundred men. To dampen the discontent a change of scenery was deemed wise. The ships lifted anchor, passed through the

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great Kaiser Wilhelm Canal and arrived at Kiel, the Baltic base, on October 31st.

News of the North Sea events had spread to the sister base on the Baltic where the sailors at a meeting on November 1st selected a delegation to request the freedom of their comrades imprisoned on the "Markgraf." They were repulsed in their demand and forbidden to meet again. In open defiance of this injunction the seamen, together with the Social Democrats, the workingman's party, arranged on the following day a huge demonstration for November 3rd. Handbills proclaiming the coming event were even printed.

A great parade of sailors, soldiers and workers formed and marched through the city on Sunday, the 3rd, as announced, until it was confronted at a cross-street by a company of forty-eight sailors whose commanding officer ordered fire to disperse it, killing eight and wounding twenty-nine. But the procession continued and some prisoners were released.

Until now the only desire had been to free the arrested comrades but now political ideas appeared. On November 4th a sailors' council formulated fourteen demands including abdication of the Hohenzollerns, universal suffrage for both sexes, release of all prisoners, even those of 1917. The authorities were no longer in control. The mob, under threat of bombarding the city, forced Admiral Souchon to release all prisoners who were not guilty of dishonorable acts. With blaring music and crash of cymbal a festive parade marched to release their comrades from prison.

That same morning Noske, accompanied by Haussman, arrived in the city where he had been sent by the government "to end a dock strike." The rebellious sailors had telegraphed for Haase and Ledebour, two members of the radical Independent Socialist Party. The mutineers at the railway station to welcome Haase received Noske with equal enthusiasm. The latter took stock of the situation. He saw a spontaneous movement for freedom and suppressed ill-will against superiors finding ex-

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pression in a good-natured and not unrestrained picnic spirit. No leaders had taken control. There was no order but also no disorder. Several sailors' councils functioned disconnectedly. A strong hand was needed and Noske was a man of action.

The only violence of the whole movement occurred on the same Monday. Resistance by the commander of the "König" to the raising of the red flag, which had already gone up on the other ships, resulted in his own and two other officers' deaths after they themselves had killed a sailor. These were the only officers who seriously resisted their men. Shooting and carrying of firearms, however, was general. Uncertainty and impending panic were in the air. The men were diffident over their rebellious acts. Patrols with red arm bands guarded the city and eased their nerves by excitable but harmless shooting.

Noske, instinct with German orderliness, imposed his strong personality to curb the random use of firearms. He had come to quiet strikers and quickly took the reins. But so uncertain was he himself that two days after he arrived he urged the sailors to go back to their ships in return for amnesty which Berlin had authorized him to promise the men. By evening the news reached Kiel that other cities had joined the mutiny.

Since there was no going back, Noske decided to lead the advance. He bargained with the Independent Socialist leader for his own nomination as commander of the region in return for support of the Independent's aspiration to the chairmanship of the Soldiers' Council. Noske was accordingly elected governor of the district. He immediately took control, securing the active assistance of the officers by an appeal to their patriotism. With a firm hand he ended idle strikes, mismanagement, duplication of effort, and ruthlessly compelled lazy members of workers councils and factory committees to earn their wages.

The revolted, sensing the peril of their isolated position, directed their efforts to securing outside support. They sent the proletarian warships on missionary cruises to neighboring coastal cities. Propagandists hurried on railways, highways, byways. Out-

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side Kiel all Germany was in great unrest. The first shortlived workers council was founded by civilians in Stuttgart on November 4th. The arrival of the proselytizing warships in Hamburg, Lübeck and Bremen on the 5th brought matters to a head there. In Hamburg crowds expressed sympathy with Kiel by disarming officers and preventing soldiers from returning to the front. The next day the military killed nine dock workers plundering shops and an arsenal. On the same day Schwerin, Rostock, Hanover, Brunswick, Cologne, Dresden, Düsseldorf, Magdeburg, Halle, Leipzig and Frankfurt were also in the grip of revolt.

From its first success on the coast the movement skipped inland a huge distance to the south, to Munich, the capital of Bavaria. Kurt Eisner, a prominent socialist journalist, closed an address to a great crowd on November 5th by calling for another meeting on November 7th. This gathering made him chairman of the Peasants, Workers and Soldiers Council. On the 8th Bavaria announced to the world its new government, a republic. The King, who was walking on the public streets on the 7th, made a hasty departure during the night when he learned that a republic was to be announced in the morning.

It was no mere coincidence that revolt, both in Germany and in Russia, found its first expression in the navy. The disturbance of the "Officers' Revolt of 1915" set the crews, who were none too docile anyway, an example. The men were almost all socialists because a battleship which represents a consummate aggregate of modern scientific achievements requires the attention of intelligent and trained mechanics. These are to be found on a large scale only in the cities, where the task of organizing labor had long passed its preliminary stages and where the unions and the socialist party were large, efficient, determined training schools. The members were class-conscious and religiously persuaded of the efficacy of their doctrines.

The circumstance of enforced idling in port did not help to hold their interest. Life was a leaden monotony of drill, watch

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and painting. The army at least had action. The submarine and torpedo flotillas, keeping contact with the enemy, were content and in good order. Army companies constantly changed character by deaths, wounds or transfers. The intimacy of ship life was there avoided. In the navy, on the other hand, men came together for years on end, getting to know each other as school children do. There was time to come to an understanding. Lying in the harbor gave the crews daily access to the shore and the well-informed party organization. Political developments were known in every detail to the crews. The Russian débâcle in 1917, for instance, was the lively subject of discussion on board. The Kerensky government was closely followed. In the midst of the 1917 naval disturbance in Kiel, the Reichstag debated the famous peace resolution which called for an ending of the war without annexations or indemnities. In August of the same year the International Socialist Peace Conference in Stockholm heightened the peace movement on board.

By the end of 1917 unrest and weariness were in the air but the military leaders were incognizant of this spirit. They were still convinced that a decisive victory could be forced in the west, especially now that the whole Russian front could be held by a few reserve divisions. The winter passed in preparation for the great campaign that the spring was to unfold. The brilliant offensive unrolled on March 21, 1918, gave verve and hope to all Germany. The initial advantages ended all latent unrest. Everybody was taut over the outcome. There was no time for thought. Action was the program of the day. Tactical success was achieved but victory remained illusory. On July 18th a terrific Allied onslaught forced the Germans out of the deep wedge they had driven into the enemy lines at Soissons on the Marne. On August 8th came a second stunning defeat at Amiens-St. Quentin.

The reserves were used up. Now even the poorest material was pressed into service. Boys seventeen and younger and youthful workers accustomed to war wages and unaccustomed to army

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hardships were drafted into the ranks. They took their places with men who throughout the violent Allied counter-offensive had performed superhuman work, who had fought nights without rest, days without artillery support, days without food and against overwhelming odds. The raw recruits of tender years were poor material. Refusals to fight became frequent. Individuals deserted: some remained at home instead of returning from furlough; reserves slunk around behind the front by the thousand.

Still the leaders did not see the end. As late as August 14th the Supreme Command clung to Belgium. It was ready for peace—on favorable terms. Into September the situation ran, yet all the military could see was the simple necessity of raising the national spirits. That, they said, was the duty of the political departments. But Germany was exhausted; the war of attrition had bled her white. September 14th Austria made her offer of peace to the Entente. The whole Reich was beginning to shake.

That things were not right had long been apparent to the Berlin civil government. Chancellor Hertling through his agent, von Hintze, thoroughly sounded the General Staff as to the situation but was unqualifiedly told that everything was under control. There was no danger, nothing to cause worry. On the strength of this reassuring news Hertling desisted from making the peace overtures to which the military position pointed. Accepting the statement implicitly the Chancellor reported to the Main Committee of the Reichstag on September 24th that the military outlook was satisfactory. The very next day Bulgaria sued for an armistice. The Central Powers' Alliance was broken. Germany gasped. Now even the military authorities were ready to disclose the facts to the government they had carefully deceived. But now they sinned in the opposite direction. Calling together the representatives of the Foreign Office attached to the Supreme Command, Ludendorff on September 29th pronounced the urgent necessity of an immediate armistice.

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The demand was made with increasing insistence for the next few days. "Today the troops are holding their own; what may happen tomorrow cannot be foreseen."

This was the famous armistice demand that exploded upon an unsuspecting Germany. The nation had already lost confidence in the army chiefs but it was wholly unprepared for this admission. With lightning suddenness it was confronted by disaster. Victory had been discounted for over a month but utter defeat was just as far removed from popular thought. The country received a stunning blow. Hertling handed his resignation to the Kaiser on September 29th.

Germany was at the end of her power, no doubt, but a cessation of hostilities was not as pressing as the staff conceived it to be. The Allies had been misled concerning the German weakness by the masterful retreat. English, French, Belgian and Italian papers during the period from September 30th to October 24th stated that the German defense was very powerful. Nevertheless, the military situation was dire, indeed. The staff was overwhelmed. During the days following, the Oberste Heeresleitung (OHL) incessantly urged, argued, pleaded, demanded an armistice. The great Ludendorff seems to have lost his nerve completely. Great in victory, he was staggered by defeat. The brilliant strategist now shrieked for help from the despised political branch, which he had for the last year and a half so ruthlessly domineered. But his cries fell upon an impotent cabinet, living a borrowed existence until its successor should step in.

The appeals and threats of the army authorities were incessant. On October 1st, Lersner, the Foreign Office representative at the OHL, and Grünau, the Foreign Office envoy with the Kaiser, were pressingly informed that the army needed an armistice immediately. The army could not wait forty-eight hours for the formation of a new government. On the same day Hindenburg telegraphed von Payer, Vice Chancellor, in no less urgent terms. "The line might be broken at any moment," "Issue the

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peace proposal at once," "Do not hold it back until the formation of the new government," were the appeals.

But the Supreme Command, hitherto always ready to produce a candidate, had not even a suggestion now. "Truce" was its only plaint. It was an obsession of Ludendorff's. He had gone to pieces. His nerves were in shreds. As Hertling sat conferring with the Kaiser at Spa on October 1st Ludendorff, without announcement or warning, burst into the imperial presence, heatedly demanding of the Emperor whether the new cabinet was formed. The monarch responded that he could not work miracles. Ludendorff snapped back that the army needed a new chancellor within twenty-four hours. The Kaiser testily replied that he should have been told about it two weeks ago. Ludendorff was replaced by Groener on October 26th.

The startling military events which transpired at the OHL had immediate and profound effects on the political situation. The Socialists came suddenly to a tardy prominence. For many years, though the largest political body in Germany, they had been harassed officially and unofficially. They had never been in a cabinet. They were always the opposition party. Nevertheless under the stress of war these men had given up their international theories for the Fatherland. Throughout the war, although criticizing some of the war aims and berating the extreme demands of the militarists, they had loyally supported the government. While extending the country every aid in the hour of need, the party had yet kept its hands free.

The acknowledgment of defeat broke the dictatorial grip of the OHL and delivered the governmental administration back to the civilians of the political parties. At once reform which would preclude any future domination by the military clique became the burning political issue of the day. The Reichstag must be revamped to make the cabinet wholly responsible to it. The initial step was undoubtedly the admission of the largest political party, the Socialists, to the cabinet. The Liberals and Catholics favored their entry. The Social Democrats

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themselves, feeling that it was a rather late date for participation when responsibility for defeat and disaster would have to be assumed, generally voiced the attitude of "letting those who started the war have the responsibility of ending it."

A joint session of the Social Democratic Party and the Socialist parliamentary fraction discussed on September 23rd the policy to be adopted. Scheidemann opposed entrance into the government, calling the empire a "bankrupt concern." In the course of a skeptical meeting Ebert, later president of the country, convinced his comrades that entering the cabinet was no longer a matter of political opportunism but a patriotic duty. He made it clear that the country was in grave danger and needed the united aid of all. Through his persuasive influence the Social Democratic Party agreed to accept the invitation to join the cabinet.

The selection of a chancellor was extraordinarily difficult. He must be liberal enough to please the Allies and yet satisfy official Germany. Prince Max, heir to the throne of Baden and a childhood playmate of the Kaiser, finally consented to take over the task of reorganizing the government. His liberal tendencies made him an acceptable candidate to Germany and to the Allies. He entered on his official duties on October 3rd. Four Social Democrats joined his cabinet. Long promised reforms were put into effect and on October 28th Germany was legally a parliamentary government.

What now became a fact, officially, had already been a fact unofficially. Bethmann-Hollweg, the chancellor who will always be remembered by his "scrap of paper," had been succeeded by Michaelis, appointed by the Kaiser in the wonted fashion without consulting the Reichstag. Hertling, successor to Michaelis, however, had discussed his policies with the parties before he accepted. Responsibility to parliament was thus established. Prince Max therefore carried into legal form what the exigencies of war had de facto created. Another step had been taken as early as August 24, 1918: a proportional voting system for deputies had been introduced, applying to certain

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districts, large cities and densely populated industrial regions in particular.

Further internal reforms, however, were pushed into the background by external necessities. The armistice question was burning. The OHL could scarcely wait for a new chancellor to commence negotiations and Prince Max was, of course urged, was implored to make overtures. He transmitted his first note to President Wilson through the intermediacy of Switzerland on October 5th, requesting a truce on the basis of the fourteen points. The generals had now fallen back upon democratic principles.

Had the OHL not insisted, Max would have put into execution his own scheme for realizing a respectable peace. He wanted to go on fighting until winter put an end to offensive operations and then undertake cautious pourparlers through some neutral. The army was to withdraw to an easily defensible line and dig in. If the terms then offered were too harsh, Germany could with a show of success threaten to continue hostilities with the prospect of an Allied victory only after a long, stubborn, defensive war. Public opinion in the enemy countries would undoubtedly be against the loss of hundreds of thousands of men after a peace offer. By skillful concessions he hoped to get off with not too hard treatment. Instead of this statesman-like procedure he was dragooned into a hasty step that virtually announced Germany's surrender, bound hand and foot, to the Allies.

As suddenly as he demanded an armistice, now as unexpectedly Ludendorff recalled his plea. Though Colonel Heye, a member of his staff, reported that every evening as he sat scanning the changes on the staff map he would exclaim, "Now they have broken through," yet a few days after the first armistice note of October 5th, which he had so urgently requested, Ludendorff declared that peace was not necessary. The unnerved strategist had recovered his poise but not his acumen.

The momentous step could not now be recalled. Germany's

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plight had been trumpeted to the Allies. Wilson's reply arrived October 8th, inquiring whether Germany accepted the fourteen points with only their practical application to be discussed, whether she would evacuate foreign soil and whether she made the proposal through the old authorities. Wilson was already alluding to internal reform. On October 12th the Germans wired they were ready to evacuate. Wilson under date of October 14th replied stating that the Allied military chiefs would make the armistice terms and demanding that barbaric methods of warfare be stopped at once. He ended by asking if the old government were still in control. The Berlin reply of October 20th stated that the chancellor was now responsible to parliament and that the proposals were therefore the voice of the whole people. On October 21st the U-boat campaign was suspended. Lansing, speaking for Wilson, on October 23rd cabled that the President was now convinced of the sincerity and responsibility of the negotiators and was willing to bring the matter to the attention of the Allies. The Germans telegraphed on October 27th that they were waiting for terms. In response Lansing notified Wilhelmstrasse that Foch was authorized to communicate the Allied terms for an armistice.

The veiled reference in Wilson's notes regarding the irresponsible old authorities was a guarded invitation to Germany to oust the Kaiser; the country took up the issue immediately. After the dispatch of October 14th the fate of the Kaiser became the vital issue. It was the topic of discussion in every circle, in every part of the country. Despite the censorship newspaper articles took it up. The Kaiser and his régime had brought the country to ruin. If his going would soften the effects of the debacle, then he could do nothing better than retire from the scene. The agitation increased. A Germany exactly as it was in July, 1914, was unthinkable. The war and its developments made some change inevitable. Toward the end of the month there was a great body in favor of removing the Kaiser. The Social Democrats became the mouthpiece of this demand. The

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personal régime had been outlived. On October 20th Max told the Kaiser that he would have to agree to abdicate if the Allies demanded it. As matters got worse, internally and externally, the Social Democrats took a decided stand. They dropped intimations to Max. The rank and file were pressing the leaders, would soon pass them. October 29th, Scheidemann, the Socialist leader in the cabinet, sent Prince Max of Baden a letter declaring that the Kaiser must abdicate or he and his party associates would resign.

The Kaiser took alarm. On October 29th the All Highest suddenly and secretly left Berlin for Spa. Everybody was surprised. The Kaiserin was perplexed. Prince Max, who had just recovered from the influenza and was convalescing, heard of it at six in the evening, just before the departure. He hurried to the telephone to remonstrate with his sovereign for this important decision without consulting the political government and to demand a personal audience before the departure. Wilhelm refused to see Max. He had excuses. He had been warned by his doctors against exposure to the grippe. His presence at the front (he called Spa the front) had been urgently requested by the generals at headquarters. The political crisis was abandoned to the Spanish "flu." The monarch fled the uncertain atmosphere of the capital for his reliable troops, who would shield him from any disloyal demands for abdication.

Not the Social Democrats only but the other cabinet members as well were for the retirement of the Emperor. As yet, however, no voice, not even a rude Socialist voice, was raised for the abolition of the monarchy and the creation of a republic. Perhaps an isolated tongue urged a republic, but no organized sentiment demanded it. Having no radical program to carry, the Social Democrats at the appeal of the chancellor remained for another week. While the leaders were willing to assist Max and the nation, with the mainstay of the party demanding the removal of the Kaiser, matters became so pressing within the party itself that a showdown was necessary. So on November

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7th, in accordance with the results of a party caucus, a time-limited ultimatum was delivered to the premier. If the Kaiser had not abdicated by noon, November 8th, the Socialists would resign. At the appointed time the Emperor had not seen fit to withdraw, so the Socialists collectively resigned. The party fraction met that evening to discuss what measures they should now take. It was decided to proclaim a general strike if in the meantime no abdication report arrived.

The Kaiser had fled to the fastness of the military headquarters at Spa, had tried to outdistance the bad news that was already beginning to trickle through the padded cordon which isolated him from the misery of his subjects. He had turned his back upon the problems of state without banishing them back to the dismal shades whence they issued. They followed him to his lair. Already on October 3rd a specter had confronted him in his military retreat, not a ragged, defiant, impudent beggar who had beaten down the guards at the head of an angry mob but a suave purple bearer, an equal in rank, birth and dignity, who nonchalantly passed the stiffly saluting sentries: Czar Ferdinand of Bulgaria, who spoke to the Emperor at Spa, advising him to abdicate in favor of his grandson. Wilhelm indignantly shouted: "Lunacy; at least premature." He heard the suggestion thus for the first time but did not take it seriously. He still felt secure enough to return to Berlin but fled on the 29th.

The Social Democrats, the other cabinet members and Prince Max saw the necessity of his abdicating. The chancellor saw it with especial lucidity. He appreciated that if the monarch should wait for events to force him out it might be too late to save even the monarchical idea. By a timely step (and the time might even then be past), the kingship might be saved for some other member of the line. Accordingly on November 1st Max sent Drews, the Prussian minister of the interior, to the Kaiser at Spa to urge upon him the serious considerations which made his immediate abdication expedient. The Kaiser received Drews the same day very angrily. The envoy inquired whether he might

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continue his mission or whether he must consider it finished. He was told to proceed with his duty. After the audience Drews acquainted the generals with his embassy, but they haughtily repelled the suggestion of abdication.

Max, indeed, left no means untried to convince the Kaiser. On November 5th he urged General Groener, then in Berlin for the purpose of informing the Foreign Office of the military situation, to present the matter to the sovereign in the proper light. The new quartermaster-general, whose short sojourn in the capital had given him a better insight into conditions than he had had while in Spa, now also saw the urgency.

Yet Groener could not bring himself to the step. He had another solution. He clung to the monarchy but proposed to save it by a desperate remedy: the Kaiser should place himself, literally, at the head of his troops and let the fortunes of war decide whether a bullet were to be his fate; if death awaited him, there could be no fitter end for the head of the Hohenzollern dynasty of warriors; if life should be his portion, his gesture would rally and unite the ranks behind him. The other members of the OHL could not bring themselves to urge the ruler to this step and the adventurous plan was rejected by the Grand Staff on November 8th.

The Socialist ultimatum made things acute. During the night of November 7th Max telegraphed to Spa that the immediate abdication must follow. The Emperor availed himself of the excuse that in view of the armistice negotiations it was his duty to remain. Max asked Solf to go to Spa and the Kaiser on the 8th, but Solf refused. On the evening of November 8th the chancellor telephoned Spa and demanded personal conversation with his emperor. A nervous secretary of legation was seated beside him with pencil and paper ready to take down the historic words. Max presented the problem personally. He had two solutions. Wilhelm could abdicate and later convene a national assembly to name his successor. Or he could abdicate, let the crown

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prince do likewise, and appoint his grandson sovereign with a regency until majority.

The monarch dismissed these, the only possible methods of preserving the monarchy, and voiced a determination to lead a military expedition against the traitors back home. Although during the course of the same day Cologne, Koblenz and Mainz, the three great bridgeheads of the Rhine, had gone over to the revolution, thus endangering the food supply of the army, the military leaders still did not see the scope of the situation and did not advise his resignation.

The OHL, however, could not ignore the rapid spread over the length and breadth of Germany, for the movement had burst loose like a spring torrent. The staff, desiring to know what the front line thought of the Kaiser question, brought fifty front officers by motor to the General Staff Headquarters for a conference on November 9th. The opinion was overwhelmingly against the Emperor. The troops would not lay down their lives for the monarch. As a result of the statements of the feeling among the front fighters OHL telephoned Berlin to say that they would inform the ruler that the troops were no longer with him.

A crown council was set to follow the consultation of the fifty front officers. The stage had been set for the close of the prologue to the drama of Germany's trial and triumph. Collapse was there; revolution was at hand; abdication was in the air. The great council of state was ready on foreign, conquered soil, in the Villa Fraineuse, Spa, Belgium, the headquarters of the mightiest military machine the world has ever seen. Long distance—Berlin—was on the wire. The highest officers of the army assembled with high delegates from civil life. There were Marshal Hindenburg, his aide, Groener, who had replaced Ludendorff, General Count von der Schulenberg, chief of staff of the Crown Prince's army, two general adjuncts to the Kaiser, Secretary of Legation von Hintze, his Imperial Majesty, and later the Crown Prince.



The German High Command

Photographed just before it cracked in 1918. In the foreground, left to right, are Hindenburg, Ludendorff, the Kaiser and, in the doorway, the Crown Prince. Photograph from the German archives in Berlin; reprinted by courtesy of The Survey Graphic.

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Hindenburg as the highest officer naturally got the first word from the royal chairman. In a halting, embarrassed way Hindenburg begged the Kaiser to excuse him from stating what must now be told. He asked that General Groener be permitted to speak for him. That gentleman then quickly described the forlorn position at the front and at home. He drew the inexorable conclusion that the Kaiser must abdicate. Wilhelm II sat numb and stared. The sovereign had frequently heard the request from Prince Max but the generals had then refused to entertain the notion. Now from Hindenburg's lame silence he inferred the obvious that the Field Marshal too was converted. A world fell to dust about him.

Count von der Schulenberg bestirred himself, evidently anxious for a word. The Kaiser, glad for a respite, called on him. Schulenberg stated that the whole army did not share Groener's opinion. The troops needed only a week or ten days of rest to put them in a good mood again, ready to stand loyally behind their Kaiser. The Count, however, failed to appreciate that within a week or ten days the country would long have passed beyond a show of force. He continued that the situation could be met by marching carefully picked troops against the rebellious home sectors. The fight should be first taken up in chosen places where success was likely. His plea was not to give up. The army would stand by the Kaiser. To the emperor his words were balm. Enthusiastically he picked up the idea. He was all for military expedition against the home country. "Are there sufficient troops?" was the only question he considered.

Groener could not let the matter rest under such a misconception of the facts, such an illusion. Yes, he said the troops would march home in good order under the command of their officers but not under the lead of his Majesty. The Kaiser jumped at this statement. His troops disloyal! Had they not taken an oath? That statement of his Excellency, the General, he demanded in black and white. At this point Hindenburg intervened. He observed that Groener was, of course, not voicing

his personal opinions. Neither Groener nor he could be responsible for the news they had received. The quiet, restrained manner of the old field marshal had its effect on the ruler. He went cold. The last shreds of illusion were torn from him. The naked truth could no longer be denied. Revolution, which had been almost an obsession of his from his first years on the throne, was now a fact. The troops in whom he had always envisioned his screen against such eventuality were themselves a part of the rebellion.

Into this dramatic tenseness tingled the long distance from Berlin. It was eleven in the morning. Prince Max was at the telephone, urgently demanding the Kaiser. The latter was in no mood to hear another pressing admonition on abdication. Leaving Max to the generals, he proceeded out into the park, to find solace and solitude in nature. The Chancellor saw the precipice. The next step was onto the rocks below. The abdication must follow in minutes, not in hours. Still playing for time when the clock had already run down, the generals put off the inevitable by flatly telling Max that a document of such historic scope could not be composed in a few minutes, and that the situation, however desperate, must wait. The Prince Premier drew the only logical conclusion from the statement: the abdication would follow as soon as the proper language to dignify a world change had been chosen.

The scenario—for events were happening with the rapidity of a movie climax—now shifts to Berlin. Max hung up the receiver with profound gratification at having at last forced the inevitable retirement. He went into immediate conference with his rump cabinet. Ebert, the future President, Scheidemann and other high officials of the Social Democratic Party, which in conference the evening before had decided to stage a general strike to enforce the demand for the Kaiser's abdication, called upon the chancellor to inform him that the German people had decided to take its destinies into its own hands. Prince Max then inquired of Ebert if he were ready to insure order. Ebert re-

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sponded with a grave assurance. The chancellor, who a few moments before had been talking with Spa, announced then that he had just received the news of the Kaiser's abdication, and that in view of that fact he was ready to resign his office to Ebert. The "dock strike" had become a revolution.

Back in Spa the council was busy deciding upon the step now unavoidable. Schulenberg, the royal defender, suggested giving up the kaisership of Germany but retaining the kingship of Prussia. Although this suggestion, if carried into effect, meant the breaking up of Germany into a confederation of states instead of a unified nation, the Kaiser still clung on with his finger nails. The nation was a secondary consideration. King of Prussia he would be. At one-thirty in the afternoon the half-hearted abdication was telephoned to Max, who received with blank astonishment the news that he had been misled. In consternation he told Spa that he had already announced the unqualified abdication.¹

With outward calm the sovereign, in company of a few faithful supporters, considered what must now be done. Consideration continued into the night and the decision was sudden, so sudden that even Hindenburg, in whom the monarch had confidence, knew nothing of it until he was gone. At five in the morning of November 10th the Kaiser departed in the court train for Holland, ignoring the arrangement for another conference made on the 9th with the OHL. Even the Crown Prince was not informed. William II who had coveted the suffix the Great became William the Last.

The Kaiser's departure, which occurred so mysteriously and suddenly and seems to find no adequate motivation in the advice of the individual members of his staff, only lately—as lately as December 29, 1927, received satisfactory, although uncorroborated explanation. Tardy disclosure has been made that an adjutant general of the Queen of Holland arrived in Spa on November 6th, unheralded, unknown even to high generals. His

¹ The Kaiser has ever since blamed Max for "forcing" him out of office.

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presence was so important that a battalion had to enact for him a modern attack of several hours' duration on the eventful morning of November 9th, when the revolution had already spread into the army and when more realistic work could have been undertaken. His mission, hidden from such luminaries as Hindenburg, probably was to offer an asylum to the Kaiser, whose relative, King George of England, having heard that the Allies would demand his surrender, had interested the Queen of the Netherlands to invite him to her neutral shelter. This revelation would explain the early morning trip to Holland and Hindenburg's disclaimer of responsibility for the step. The long wait of six hours at the border for the Dutch soldiers to telegraph the Hague for orders on his admission does not offer serious difficulties, since in accord with the Kaiser's character he probably gave the Dutchman a noncommittal or even a negative answer and then afterwards made one of his sudden and rash decisions.

In Berlin the Social Democrats took possession of the leadership. At two in the afternoon Scheidemann spoke from the terrace of the Reichstag, briefly announcing what had taken place. Fifteen minutes after he finished Ebert addressed the sea of heads. Both earnestly urged calm, quiet, order. The Kaiser did not abdicate formally until November 28, 1918.

The prologue had been played. Each part had had its thrill: the trials of the armistice delegates; the ripples of revolution; the decline and doom of a dynasty. There was the spectacle of a great general going to pieces. It was a worthy close for the extraordinary struggle against odds. And now the curtain could roll up on the travail of a molting nation.

CHAPTER II

THE CAUSES OF THE REVOLUTION

WEARINESS and attrition were mainly responsible for the German collapse. For over four years the German people were besieged by superior numbers. While the hostile ranks always thickened, their own numbers constantly thinned. Their man-power reservoir was drying up. They faced in a very real sense a world of foes. The greatest élan, the most brilliant strategy, the most fertile ingenuity must evaporate under a world's pressure. Serbia overrun, Rumania crushed, Russia ruined, industrial France invaded, left no lasting impression. The opposing world fought blithely, fought grimly on. Campaigns that formerly ended wars rebounded ineffectually off her enemies. Brilliant achievements fell short of complete success, of final victory. The war continued, dragged on from year to year, ceaselessly. Well might hopelessness steal into the stoutest heart.

The weariness of life imprisonment overlay the nation; prison rations sapped her vitality. Food shortage brought the war home to everyone, rich and poor. During the first years of the war there were still stocks of eatables and the neutrals in a small measure furnished replenishment until the English blockade made even the most innocent product contraband. Neutral boats carrying food were haled into British ports and detained. The food situation worsened steadily. The peak came in the winter of 1916-17, the famous "turnip winter" whose unsavory memory still obsesses the German housewife and paterfamilias.

Beginning in February, 1915, the system of rationing was steadily extended until, in 1916, no food could be bought without producing a food card. Even in restaurants guests had to

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surrender coupons. Despite this careful apportioning, a crisis arose in 1916. Although during the summer a calculation of available resources permitted the allocation of 1,985 calories daily to each individual, it unexpectedly developed that a drastic revision would have to be instituted. The harvest allowed a diet of only 1,344 calories whereas a normal ration ought to consist of 3,000 calories per day. Bread and potatoes were the chief staples of this ration. Even potatoes, however, were soon replaced by "steckrüben," an ill-tasting variety of turnip.

The German people were increasingly deprived of their essential foods until eggs, milk and butter practically disappeared. It was even necessary to cut the milk for children and invalids. The masses were forced to live on one-half and even one-third of their regular pre-war rations, while the little they had was worse than a mere life-termer's fare. Turnips, turnips and again turnips were their breakfast, dinner and supper. The populace literally lived off the fat of its bones during 1916. The overrunning of Rumania with its wheat-fields brought slight relief in 1917.

The rations not only were woefully inadequate to keep a human body in condition but were monotonous. The greatest culinary skill could do nothing to rob the meals of dreariness. Garnishings and spices were entirely lacking. The soups and thin stews of the worst county poorhouses prevailed. The women made excursions into the country with baskets on their backs to grabble with bony fingers in the harvested ground for a possible undug potato or turnip or more delicious treasure-trove. From early morning until nightfall they trudged the country highways only to drag themselves wearily back at night to share their gleanings with a hungry household.

Under such strenuous regimen the whole nation became emaciated. An individual record of daily life during the "turnip winter" has been preserved by Professor Neumann of Bonn University. From December, 1916, to April, 1917, he kept careful check of his weight and physical condition under the regulation

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ration of the working class plus what a person of that station could purchase on the market. He found that he received 1,546 calories per day compared to a normal requirement of 3,000. His weight fell from 154 to 125 pounds. It was not unusual for losses of 60, 70, and 80 pounds to be recorded. From 1916 to the end of the war the total population lost fifteen to twenty-five per cent of its weight. The prodigious girths of German fame disappeared and slimness was à la mode. It is estimated that 763,000 persons died from the effects of the blockade.

The first effect of insufficient food was a physical and nervous lethargy that made the German people inert to yawning catastrophe. This torpor may have been a godsend in the prolonged days of trial they had to face after the war. Everyone avoided exertion. Children would not play. The loss of energy was attended by a lessening of efficiency which showed in the industrial production. In the midst of their work, long before the meal hour had arrived, the workers would be stricken with the pangs of hunger. The thought of food filled the mind, became an obsession, which left no room for other thoughts, until hunger became a real torture. With the reduced physical well-being soon came actual disease. Tuberculosis thrived. The disease attacked the glands, causing a horrible, purulent dissolution. Skin troubles were numerous, resulting both from too little nourishment and from the lack of soap. Adulterations in the food, like the introduction of ground seeds and at times even wood pulp into the bread, caused colic, flatulence and painful bowel movements. In an effort to offset the manifest consequences of the blockade much was made of the beneficial effects of a restricted diet. Many persons had undoubtedly gorged themselves before the war. Now in some cases undoubtedly gastro-intestinal troubles decreased and the lack of meat reduced the incidence of gout. The ledger account showed heavily in the red, nevertheless.

German inventive genius valiantly strove to provide the miss-

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ing necessities. Substitutes prevailed. The genuine was off the market. Chicory was turned into unsatisfactory coffee. Tea was brewed from fermented leaves of the strawberry, raspberry and blackberry. Roasted acorns or dandelion roots sweetened with a little saccharin produced an evil breakfast beverage. The beer was thin and tasteless. Butter from the bootleggers sold for eight dollars per pound, eggs for forty to fifty cents apiece. Tobacco too could be had, or at least something with which to fill those long German pipes. The farmers raised their own brand, but the harsh, acrid flavor made each puff a poignant reminder of peace. Substitute this, substitute that, until Germany developed a neurosis for the word. Ten years after, the German housewife outspent her means to secure only genuine articles.

Driven by the pangs of hunger German ingenuity sought methods of completely utilizing the limited food resources. Spoilage and wastage had to be eliminated. Vegetables were dried and preserved. Milk was dried or kept from souring by chemicals. Refrigeration had not reached the high point that it has in the United States. Meat was tinned directly without cooking by a new process. Offal was limited to the unavoidable. Blood was used in sausages. The housewives refused to use fresh blood, so it was made into a powder which aside from a slight smell was a very valuable addition to the diminishing food stocks. Bones were collected from the slaughterhouses. Even straw was made useful.

The acutest shortage occurred in fats and oils, which fell to one-tenth of the normal supply. Fruit stones proved to be the main source of edible oils, which were extracted by a difficult process. Horse chestnuts, bones and beech nuts also produced greases. Efforts to encourage the growth of oleaginous plants were futile because of the German climate. After fat was secured from the bones, the remainder was turned into beef-tea cubes whose flavor was particularly relished in the absence of the very scarce meat. Chemists made a brave but unsuc-

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cessful attempt to produce fat from mineral sources by the use of a yeast culture grown on oil derived from lignite.

While the chemical production of fat from mineral sources was a failure, the first human food from non-living materials was produced during the war. This occurred when alcohol and acetic acid were produced from calcium carbide and from lime and coal. Vanilla was also produced chemically, while other flavors were substituted from yeast, soy beans and grain sprouts. Wood could not be used for food and efforts in that direction were unsuccessful. The shortage of animals brought a scarcity of skins for sausage, which had to be replaced by goat and guinea-pig intestines and cow stomachs or by silk and cellulose.

The chief substance of the German diet before the war had been bread. Only 70 to 75 per cent of the grain had been used in the flour but under war conditions a more economical use of the grain was made. In the last years of the war as high as 94 per cent of the grain was used in the flour. In addition the war flour was stretched by the addition of potatoes, corn, beets and barley. Potatoes became the chief supplement. So much filler was used in the already poor flour that even high skill could not make the "k" bread, so called from "kartoffel" (potato), palatable. "K" bread must not be confused with peace-time potato bread.

If Germany had been self-supporting, all her woes would have been nonexistent. But by a concatenation of developments and the industrialization of the nation, Germany was dependent upon the outside world not only for what she failed to produce but for fertilizer and farm labor. The introduction of artificial fertilizer in the form of Chile saltpeter and phosphates had revolutionized the agricultural industry. German soil was generally far from fertile but with the use of the imported fertilizer Germany succeeded in producing three times as many cattle on a given area as the United States did. The return from 100 kilograms of fertilizer was between 300 and 350 kilograms of grain. As a result of this profitable use of artificial manures all

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but 9.3 per cent of the German land was under cultivation, and that small percentage was covered by mountain, dune or bad land. Of the area under cultivation 64.8 per cent was devoted to agriculture and 25.4 per cent to forests. The intensive use of the soil enabled her to produce 85 per cent of her own food.

What was strength in peace, however, became weakness in war. Cattle increased during the régime of artificial fertilizer but feed had to be imported from Russia to fatten the animals. Not only was feed brought in, but great flocks of geese were imported from Russia to be plumped in Germany for the market. The fodder for these animals was imported, as were great quantities of grain from North America. Saltpeter had made it more profitable for the farmers to grow tubers like potatoes and beets instead of husked grains, so that the population which was wheat-fed had to draw upon foreign countries for its sustenance. The cheap sea-freights that the improvement and increased size of the steamships brought to Germany at the end of the nineteenth and beginning of the twentieth century made reliance on the outside quite easy. Finally the German harvests had been gathered and sheltered by the seasonal immigration of hosts of Polish workers. The large German estates were particularly dependent upon these migrant farm hands.

Because of this fourfold dependence upon foreign countries German agriculture was wholly unprepared for the war. At first nothing was done, under the assumption that the war would be brief. A real farm program was not initiated until 1915. And then the measures consisted of unrelated regulations which often harmed rather than helped. At no time was a comprehensive, connected campaign begun.

The various war measures frequently led to folly. Thus the shortage of grain led to the order for the growing of grains instead of beets without taking into account that the sugar yielded by the beets afforded more nutrition than the grain. Again, to save food for humans, hogs were ordered slaughtered in what came to be known as the "hog massacre" of 1915, there-

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by sacrificing much meat that was too young to keep. The inauguration of maximum food prices resulted in the farmers feeding produce to their cattle, for the price of meat went up. When the feeding of bread grains to cattle was forbidden, non-bread grains were raised. Finally the authorities seized food on the farms for national use, making the farmer less willing than ever to produce.

The absence of Polish migrant workers endangered the gathering of the harvest. To overcome this serious threat children were sent to the fields, convalescents from the battlefields were ordered to the farms and whole troops taken from the front to insure the important task of harvesting. Soon also war prisoners were distributed among the farmers. In 1916 there were 700,000, in 1917, 800,000 and in 1918, 900,000 prisoners of war living on the farms, a life that most of them gladly accepted because of its freedom (they were not locked up) and of its food. These were, however, inefficient workers.

The withdrawal of a million horses from the farms to the battlefields enhanced the farmers' difficulties. The attempt to replace horses by machinery was hampered by the lack of machines and by the drafting of mechanics, whose departure made repairs difficult.

The English blockade, of course, stopped the importation of sodium nitrate. While artificial nitrates derived from the air by the Haber process were a complete substitution for the Chilean salts, they were unfortunately not produced in sufficient quantities to supply both farms and army. Since the guns were of primary importance, the soil went a-begging. The farmers could not even fall back upon horse manure because the heavy draft made upon their animals caused a shortage there too. Soon it developed that the forage imported before the war had been a base on which important soil bacteria had bred. A partially successful attempt was made to furnish this base by using city sweepings.

With the acreage reduced, fertilizer cut off, harvest hands

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lacking, horses requisitioned and governmental meddling, the natural consequence was a decrease in food. The number of acres under cultivation declined. With the decline of cultivated acreage went a decrease in yield per acre. The whole range of agricultural production shrank alarmingly. The bread grains produced per acre in 1919 had fallen 21 per cent from the yield of 1913, feed grains 25 per cent, potatoes 31 per cent, sugar beets 30. The average yearly milk yield per cow sank from 2,700 liters to 1,200, while the total milk production fell from twenty-four billion to nine billion liters. The slaughtering weight of cattle, sheep and hogs fell as much as fifty per cent.

With the facts of food production before us we can understand why in the third year of the war the deaths from starvation almost equaled the losses on the field of battle: 294,743 died in battle or from wounds; 259,627 civilians died as a result of the blockade. We need not wonder that in 1917 the Austrian army was weak from the lack of food and unable to undertake marches or to carry heavy packs. We can appreciate too how the German soldiers, despite the government's efforts to keep the fighting men in prime condition, could avidly carve luscious steaks from fallen horses.

The Allied blockade, of course, was not confined to food-stuffs. Indispensable raw materials became as scarce as food. The insatiable maw of war devoured copper, coal, rubber, gasoline, fats for glycerine. It became necessary to appeal to the patriotism of the housewives to turn in their copper pots and pans. House-to-house searches were made. Church bells and public statues went into the furnace. Empty pedestals still stand in Germany. Rubber was unprocurable. Makeshift tires were made of coiled springs. The gasoline question was especially acute. Coal, Germany had in plenty, but not enough miners to dig it. Only three-fourths as much coal was mined in 1915 as in 1913. What was mined went to the war industries and the people had not only heatless days but heatless winters.

The copper shortage was somewhat relieved by the capture

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of Serbian mines, which were put back into operation and their prewar capacity doubled despite their destruction by the fleeing enemy. Lead also was in great demand without an adequate source of supply. Submarines particularly made heavy drafts upon the lead stocks. To release as much of that material as possible shrapnel was made out of iron. The latter product, in fact, replaced every other more precious metal wherever feasible. Administrative regulations were adopted to conserve materials. A very close tabulation was made of all metals in the country and dealers in those substances had to make regular reports on their stocks.

After cotton and wool yarns became scarce, an inferior fiber was produced from pine wood. The best substitute was made from nettles. Leather belting for machinery had to be replaced by a composition made of cellulose impregnated with tar. Rubber was made synthetically in 1917 when 150,000 kilograms were produced monthly. At the end of the war the capacity had been advanced to 2,000 tons per year.

Even with the immense Lorraine ore deposits exchanging with the Ruhr coal mines, Germany had increasingly imported iron ore from abroad between 1900 and 1913. During the war the only foreign source accessible was Sweden, which, however, put a limit on exports. Labor and material difficulties caused pig-iron production to fall from 17,000,000 tons in 1913 to 11,800,000 in 1915, but it rose in 1916 to 13,300,000 through the capture of the Longwy-Briey industrial region in France. While the production dropped, the demand rose. The Franco-Prussian War in 1870 had consumed only 10,000 tons of iron; the first forty months of the Great War dissipated 50,000,000 tons.

To the shortage of food was added the hardship of the failure of luxuries, semi-luxuries and even necessities of peacetime, which were suspended to maintain munition production. Not only had the German people to give up a life-sustaining diet and customary household articles but it had to surrender its illusions also. The war was begun in false illusions and was carried on

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with new ones. The nation was unwaveringly persuaded that by Christmas the Kaiser would be in Paris dictating the terms of peace. But Christmas soon dispelled this illusion. The German people had been led to believe that Great Britain would remain neutral. Their surprise explains in part Germany's bitter hatred for England. Then it was contemptuously proclaimed that England's trifling army could have no weight in the outcome. Much was expected of the Zeppelins and their bombings of London. A speedy end of the war was assured by the unlimited use of the submarines but the mirage only concealed the fatal quicksand of the American entry. Even the most robust optimism will finally lose heart under repeated disillusion.

The German people fell in solidly behind their government at the declaration of war because they were firmly convinced that decades of malevolent diplomacy had isolated the country and that the war was therefore defensive. But the obvious aim of the military to retain Belgium did not jibe with a defensive war. The Brest-Litovsk Treaty shook the wavering confidence of the people and cut off Russian raw materials as well. The notorious Pan-German war aims did not warm the masses of the people. The unbridled annexation schemes of the Fatherland Party formed in 1917 were so harmful that one German king said the leaders should all be shot, for they were sure to lose the thrones of all German rulers. War for defense seemed also to be an illusion.

Belgium was peculiarly the object of covetous annexationists. At the end of July, 1918, Ludendorff had said that victory was impossible, but notwithstanding that admission annexation remained part of the program as late as August. The struggle over the retention of Belgium was constant. Although on September 11, 1917, at a crown council the Kaiser vetoed Ludendorff and favored returning the invaded country, only four days later Michaelis, the chancellor, assured the Supreme Command that he would strive for an economic union and at least a temporary occupation of Liège. In December, 1917, the Association of

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German Iron and Steel Industries demanded the union of Alsace and the French iron works. In January, 1918, the Association was urged by the OHL to create by propaganda a demand for the annexation of Longwy and Briey.

The brilliant achievements of the army blinded the people for a time to the fundamental shortcomings of political life but could not keep them in the background forever. Prussia, two-thirds of Germany, had the plural suffrage, which permitted the wealthy class to rule elections. Forty million people did not go to war to preserve a system discarded since colonial days in most countries. The King of Prussia had recognized the antiquated nature of this feature on July 11, 1917, when he promised reform. But the Junkers were reluctant to surrender the privilege and the unequal conditions lingered on until October 15, 1918, when the armistice negotiations practically forced a change.

The people waited for a fulfillment of promised reforms only to see the national government practically usurped by the military clique, for from 1917 to the armistice call, the OHL dictated policies. Political institutions were unrepresentative enough before the war and the need of the hour was for the introduction of democracy and not of absolutism. A cabinet nominally existed but it responded to the Kaiser rather than to the Reichstag. The chancellor was really the personal representative of the sovereign. He acted just as long as the ruler was satisfied with him. Chancellor von Bülow left not because the Reichstag but because the Kaiser withdrew his confidence. The Kaiser appointed Bethmann-Hollweg, who acted merely as the monarch's spokesman. The relations of Reichstag and Bundesrat were in need of readjustment. Although the popular house, the Reichstag had only limited powers over against the upper house, the Bundesrat. The lower house was almost a clearing organ for the upper chamber.

The German government was in other respects anachronistic. The Kaiser's false conception of personal sovereignty by

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divine right, a fallacy which he seems sincerely to have held, was only a forceful example of the general attitude in ruling circles. The Emperor privately expressed disdain for republican governments and a desire to keep aloof from their representatives, who were not on a plane with divine-right rulers. He was obsessed with a notion that the kinship of the international royalty could manage the world. His two cousins, George, King of England, and Nicholas, Czar of Russia, jointly with himself would end the World War. The nobles enjoyed a variety of privileges, including non-answerability to the courts. The high administrative positions in the military as well as the civil circles fell to their lot. The system was top-heavy, unjust and outworn. The caste and class government needed to be replaced by a national state.

The dynastic ambitions of the different ruling houses awoke distrust among the people. The splendid territorial gains that the German armies had registered were to be turned into a means of glorifying old noble lines. Intrigue was carried on for the partition of Alsace-Lorraine. Lorraine was to go to the Prussian Hohenzollerns, while Alsace was to enhance the prestige of the Bavarian Wittelsbachs. Latvia was intended for the Duke of Urach. It is reported that as late as the middle of July, 1918, the Kaiser favored personal union of Saxony and Latvia. On October 8, 1918, when Finland was under German control, the Finnish Parliament in secret session elected Prince Friedrich Karl of Hesse, King of Finland. The dukes and kings wrangled for Poland, Courland and Lithuania. An air of unreality was introduced into the defensive war by these teacup negotiations.

Political failings and dynastics ambitions were most severely criticized by the Socialists. They had supported the war out of patriotism and a belief in its defensive character but they did not by any means acquiesce in prevailing principles. Long years of persecution made them hostile. Bismarck's campaign to suppress them had only resulted in a constant growth culminating with their tremendous popular vote of 4,250,329 and the winning of 110 Reichstag delegates in 1912. The Kaiser after a first

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policy of conciliation turned and branded them publicly "a pack of people unworthy of the name, German."

Although their delegates were always the largest in number, they were never in the cabinet. There was no less than a national combination against them. Not only in public life were they ignored but in private affairs they were insulted. Noske, the Socialist who later in the revolution did so much to save Germany from the effects of the monarchical collapse, tells of the consequences of treating a Socialist as a human being. Having occasion to call on a police official in Königsberg, he shook his hand in the customary German manner. Later the official was disciplined by the police board for shaking hands with a Socialist. The police and administrative officials kept a list of the Social Democrats in the army so that they might be kept from promotion and so that their offer of serving as a one-year volunteer (a privilege accorded to a certain rank of educated youth) might be refused. It is no wonder that the workingmen, the Socialists, distrusted the army long before the war.

Had the generals given a little heed to the Socialists and moderation, they would have negotiated a peace before the 1918 onslaughts when the military situation gave them bargaining power. With proper concessions, which need not have been incompatible with her dignity, Germany could have emerged with enhanced prestige and territorial adjustments. Instead of statesmanship the military dictators displayed adherence to fantastic annexation schemes as revealed in the Brest-Litovsk Treaty and in the Ukraine. They dreamed only of complete victory.

This utter success they first expected through the battlefield. Then they envisioned it in an unrestricted submarine campaign. Blinded by their vision, they saw the break-up of the British Empire, with India and rich colonies for the taking. One can forgive them for being unable to foresee the miraculous effort of the United States, for we ourselves did not expect it; but one cannot pardon a disdainful underestimation of a powerful, industrial enemy. They facetiously said that America was a triple

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zero. She had no army. If she trained one, she could send only small divisions that would have no effect on the outcome. And the few sent would be sunk by the submarine. The initiation of a submarine campaign, which was sure to add the United States to her enemies, with a woefully inadequate number of submarines must be unequivocally condemned.

Another costly decision of the army was the dictation of propaganda. During the first few years of the war it had been neglected, and then it had been mismanaged. The excellent brochures of civilians who had lived in Paris were thrown out and ineffective attempts to frighten substituted. The Allies on the other hand flung themselves into the breach of war-weariness with a well-calculated propaganda. A newspaper, the *Freie Zeitung*, was printed in Zurich to influence German opinion. Allied consuls in Holland and Switzerland were alleged to be centers of propaganda distribution.

The entry of the United States intensified the propaganda just as it multiplied the munitions and soldiers. War literature was shot by mortar, rifle grenades, dropped from airplanes and hot-air balloons inside the German lines. The pamphlets became more effective. Up to May, 1918, the German soldiers had turned in 84,000 pamphlets. By July the number had risen to 300,000. Germany was cleverly portrayed as maliciously having instigated the war. But the wicked authorities and not the German people were to blame. Once the former were set aside the world would live in peace with the industrious German people, who were urged to revolt. The Kaiser's love of the hunt was set forth as a lust to kill. Photographs of the All Highest surrounded by heaps of dead game illustrated the point. Letters from the German soldiers in the Allied prison camps describing the good food were used.

Among the causes of the collapse and the revolution (for the one was the concomitant of the other), the condition of the army is important. It entered the war with remarkable cannons, plentifully supplied with munitions and men, but attrition placed

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the German fighting forces far behind the Allies. The one original development of the war, the tanks, Germany did not have. Seventy-five captured and fifteen constructed were all she possessed. Other problems were more pressing, and the energies to be employed were so limited that attention could not be earnestly turned to this subject. Before she knew it the tanks were running through her lines, demoralizing the infantry who had no effective means of coping with them. Early in the war the German aeronautic service had pioneered shooting through airplane propellers as well as all-metal planes, but toward the end Germany was behind in numbers, quality and equipment of planes. The gasoline situation was precarious. The overrunning of Rumania and the utilization of the captured oil wells had saved the Central Powers, but when it became necessary to evacuate that country Germany possessed only a two months' supply for her airplanes and her trucks. After that she would have had to run them on half-time.

The horses like their masters were starved. They were literal rawbones, so hungry that they gnawed the wood in their stalls. The lack of automotive force and the sorry plight of the horses rendered the front immobile. The artillery could not be supplied with guns in numbers anything near equal to those that the Allies rolled up against them. German soldiers report how their guns in 1918 remained silent all day and when a lone missile fell from their mouths a hurricane of Allied shot answered. It was far wiser to avoid punishment by keeping silent. When Groener took over the OHL in 1918 he planned to make the city of Strassburg a vital factor in his line of defense, but discovered to his dismay that all the guns had been removed from the city to help the front. Germany is given such credit as it may be for introducing gas into warfare, but long before the struggle ended she was overwhelmed in this department too. Germany was like a pauper trying to keep up appearances in billionaires' company. Especially after the United States joined the Allies was the wealth of her enemies manifest.

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The superiority of the Allies to Germany in man-power is difficult to establish. The United States General Staff's second edition on the European War gives the national strength of the Allied armies at the time of the armistice at 6,427,100, while Germany is rated at 3,562,180. Each German soldier faced two Allied men. As for the men under arms in the Allied countries we derive from other sources the figure of 27,473,400 for the beginning of 1918 when Germany and her allies were calculated to have had 10,600,000 under arms. The German pre-war military reports, furthermore, had overestimated the state of military preparation in Austria, Turkey and Bulgaria, so that Germany was disappointed in the actual field strength of her associates. The resources in man-power of the Allies with almost a whole world on their side make Germany's diminishing reservoir seem like a cup alongside a bathtub. Particularly the inexhaustible reserves that the United States sent made the war hopeless. The American triple zero became a triple threat: men, money, munitions.

For Germany the war was a race against time. She had to shout continually like Pyrrhus, "If I should overcome the Romans in another fight, I were undone." It was similar to a game of checkers in which the Allies entered with a lead. They needed only exchange man for man to secure victory. In April, 1917, General von Groener informed Ludendorff that there were reserves sufficient to last until spring, 1918, and that the OHL must reckon with the exhaustion of man power. The Supreme Command, nevertheless, suddenly confronted with a surplus of divisions freed by the Russian collapse, decided to force the issue in the West. The staff began the terrific onslaught of March 21, 1918, exhausting the reserves by summer. The losses of 1918 were unusually heavy. Between July 18th and November 11th, the dead and wounded amounted to 420,000, while the captured and missing totaled 340,000. Germany would have needed for the ordinary replacements without the losses entailed by the grand offensive some 354,000 men. At the end of the summer,

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when the plight became desperate, Ludendorff broached a plan to muster 600,000 reserves by hastily drawing all available men from the war industries, training and hurrying them to the front for a single, convulsive effort. He urged, in other words, a *levee en masse*. He and the OHL are responsible for starting an offensive that they should have known could not be carried out with Germany weak as she was. The folly of exhausting the country's last resource and rendering the nation helpless, comatose, before a triumphant furious foe was slurred.

Germany's losses during the war have been estimated at 1,808,000 dead and 4,300,000 wounded. Haggard, weak, bled-white she emerged from the titanic struggle. The loss of manpower had advanced to such a stage that the army units had to be reorganized. The number of companies in a battalion were diminished. Some divisions were dissolved, while the battalion was cut from an average of 800 (the war strength was 1,002) to 540. The peace effectives were 570 to a battalion.

To the losses occasioned by the casualties of war must be added the deserters. The first symptoms of desertion appeared in the summer of 1917, and there was a steady increase through the spring of 1918 into the summer, when the movement became very strong. Many wounded lingered in the hospitals after they had recovered. Others infected themselves with venereal diseases to avoid the front. Hosts of those who went on leave to visit their friends and families at home did not return at the conclusion of their leaves of absence. At the end of September and the beginning of October it was estimated that there were between forty and fifty thousand overstaying their leaves in Berlin alone. Behind the lines with Namur, Belgium, as a center, a great host of deserters slunk around, sneaking a living as best they could, by plundering railway cars or selling their guns to Belgians. Holland was a fine haven for those on leave near the frontier. The Dutch Government concentrated all those it could find into a camp at Alkmaar.

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The quality of the reserves who were sent to the front in replacement of the enormous losses sank considerably. Youths out of high school were made second lieutenants. Boys of seventeen were quite common in the army. Young men who had been earning unusually large wages in the war factories were taken away from free spending and high living to be thrust into the privations and overwork of rigid army discipline. They did not take kindly to the service.

Of the new, unwilling recruits, many deserted on their way to the front when the troop trains stopped at a city. They not uncommonly threw stones at station masters and other railway officials. They even tossed hand grenades. From such recruits disobedience could not be surprising. This spirit of defiance broke out most virulently in September, 1918, when the reserves between Liège and Brussels refused to obey orders. Troops moving up to the front were greeted by those going to the rear on furlough with shouts of "Stay home; the war is lost." A bicycle corps, formed by the general staff to be rushed to threatened places in the front, was met with the derisive and jeering shouts of "Strike breakers."

All the laboring men and Socialist party officials who had expressed too open a disapproval of government policies and war aims were carefully combed out of civilian life and sent into the ranks, if their physical condition at all permitted. This was a punishment from which the army suffered more than the critics. These men of avowed socialistic convictions carried their principles into the army, forming groups of protest.

The army in the meantime was going through veritable hell. The soldiers at the front, cut off from food and supplies, left to their fate by headquarters, cowered through bombardments resembling spring downpours, every foot around them plowed up to great depths. Days at a time small contingents had to bear the brunt of dismaying odds without artillery support. Half dead from lack of rest, they used their last ounce of strength in attempts to hold positions that must go anyway. If

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a lone survivor straggled wearily back to report that after days of super-heroic effort a certain position had been taken by the Allies, he was met at headquarters with the laconic remark: "Humph! You must be the only one left from out there!" The enemy, well fed, rested, relieved in short shifts, informed by a sky full of airplanes, had his own way. But the army preferred to go on with such conditions rather than receive such "help" as was being rushed to the front, preferred to go on with the few reliable surviving rather than take the questionable assistance of the unreliable recruits who might desert at any moment, might even willingly be captured.

The food conditions, the economic situation, the political shortcomings, the deprivation, the strain, in short the losing war caused a war-weariness that overlaid the country like an incubus, a burden which all warring Europe had to carry as well as Germany. The outstanding example was Russia. The masses wanted peace so ardently that when Kerensky offered them democracy but more fighting the Bolsheviks easily assumed power. Understanding Russian desires, the latter made peace with Germany at Brest-Litovsk, although the terms were such that even their dignity could not brook them.

Even England was not free from the gnawing unrest. Beginning with the spring of 1916 the strikes in the munition plants were very frequent. The workers could no longer be stirred to sacrifice their own interests for the sake of war. This lack of "patriotism" was an expression of war-weariness. During 1917 and early 1918 the peace desire in Great Britain far surpassed the analogous feeling in Germany both in intensity and in vociferous expression. In 1917 one million men in England were on strike, losing six million work-days to the Allied cause. A further symptom of weariness was the conference of June 3, 1917, in Leeds to form a workers' and soldiers' council.

We in the United States can remember the seriousness of the French pacific movement during 1917 at the time we entered the war. All the appeals to curtail our own, free, ample diet in

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favor of war bread, pieless days, short sugar rations, were based on the necessity of keeping up the spirits of our Allies, especially the French. Wheat, they needed wheat. The fall in French morale is illustrated by a series of affairs which began with the Almereyda case. The editor of the anarchist paper, *Bonnet Rouge* (Red Cap) was arrested for propagating defeatism with German money. Deputy Turnel was arrested for taking German money. *L'Action Française* accused Louis Malvy, minister of the interior under Painlevé, of protecting traitors. The arrest of Caillaux, his trip to Italy, his mysterious safe-deposit box in Florence furnished a sensation. On February 4, 1917, a great strike broke out in France. The disgust with the war went to great extremes during May and June of that year. Officers were insulted, threatened even, by civilians and privates. Soldiers' councils were established in emulation of the Russian example. The people were indignant that every peace proposal, from whatever source, should be refused with the label, "a trap." The whole Sixteenth Army Corps was involved in mutiny. One hundred and fifty were sentenced to death, twenty-three being actually shot. In March, 1918, the French, under the threat of a gigantic German offensive which, as it developed, almost broke through onto Paris, had not yet been convinced of the decisiveness and enormity of the American aid. They favored peace. A Paris munition strike in March had to be quelled by the cavalry, who killed and wounded many. Let us recall the French Black Sea revolt under the influence of the Soviets, who had secured peace in their own manner. Every effort was made by France and by her Allies to combat the defeatist spirit.

The Italians suffered from defeatism as deeply as any warring nation. After the catastrophe of October 24, 1917, at Caporetto, where the gains of two and a half years were lost in three days, a great unrest set in. The Turin riots were an expression of war fatigue. It became necessary to send American Red Cross units to distribute food and dainties to raise the spirits of the Italian people. A few regiments of the various

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Allied nations, Americans among them, were sent to the Austrian front to show sympathy and solidarity with Italy.

1917 was the year of fagged nations. Everybody was ready to quit. Only the entry of the United States and its supreme effort staved off a conclusion by mutual consent. Germany too was at a crisis. The food, the raw materials, the economic situation have already been described. The people wanted peace. The government even began considering it. Visas were, for a wonder, granted the delegates to the Socialist International Peace Conference at Stockholm. The Vaterland Partei was organized by the Junkers and by Kapp to combat the pacific movement. In April, 1917, the metal workers struck in Berlin. The strike broke out against the express desire of the Social Democrats, who represented the great majority of the workers. Had they not been loyal to the government the Socialists could on this occasion have made much trouble for the authorities. May Day, 1917, the traditional labor day of all Europe, would have been the occasion of a monster strike had not General von Groener nipped it in the bud by an energetic interview with Haase, to whom he threatened punishment for all Independent Socialist officials. A munition strike also occurred in 1918.

Thus all the great countries involved in the war were touched by the blight of war-weariness and Germany, laboring under the most oppressive odds, caught in a hopeless position, was bound to be the one that would succumb to the disease first. There were countless imperfections in Germany as there were also in all of the Allied countries. When the strain became heaviest the soft spots gave way. The tension being greater on Germany than on her enemies the defects had a greater consequence for her.

There were minor factors contributing to the weariness and desire for peace. The Germans had been completely isolated from the rest of the world. Segregation can be tolerated awhile but it gets under the skin at last. It meant that the wanderlust, the desire to travel, the escape from the everyday, must be

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stified. Germans had been great journeyers to Italy before the war, a fad that Goethe stimulated. It was a sort of national duty to see Italy with its store of classical and Renaissance culture. After long days of rain, the desire to see the sun is overpowering. The high wages that the munition workers were receiving for their safe work at home caused much dissatisfaction in the ranks. The war profiteers were hated. The paramount position of the great industrialists was a source of irritation. So powerful were they in Germany that General von Groener, whose reflections had led him to believe that the war was a great democratic wave, which Germany herself must welcome, sought out Stinnes, the great industrialists, when he wanted to convince the OHL and Ludendorff of his views.

On the eve of the defeat events moved rapidly. The censorship, the ignorance of the true state of affairs, hastened the revolution. The sudden and imperative armistice demands of the Supreme Command caught a totally unprepared public which broke into a panic. The nation was faced with the imminent danger of the war being brought onto German soil by a vengeful foe. Bavaria particularly feared the war on her own territory, if the Allies should hammer through Italy at the German back door. The suspicion that America was sending inexhaustible reinforcements was now confirmed. The odds became hopeless. With a rush the public decided it had been fooled for years. All the allies had gone down: Austria, Bulgaria, Turkey had surrendered. To top it all the great grippe epidemic broke out. The nation took the attitude: rather an end with terror than a terror without end.

The pressure exerted by Wilson to force out the Kaiser was only the final push which sent the ball of revolution rolling dizzily out of control. The Kaiser instead of sticking at his post in Berlin where the big developments would occur, scuttled off to Spa where he felt safe in the midst of his army. There he got the false counsel of his generals, who gave the coup de grâce to the whole monarchical structure. The Kaiser's irreso-

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lution, which listened greedily to any meretricious scheme to hold him in power, hastened the outcome.

The end was overdue. The outworn system had overlived its reprieve. The Kaiser had made no concessions to the spirit of the times. He had even tried to set the clock back. He would be general, admiral, gifted statesman. Facile orator and talented dilettante he was. But the role of omniscience becomes no man. The assertion of foreknowledge becomes a fool. "The gift (foreknowledge) does occur: to sovereigns frequently; to statesmen seldom; to diplomats never." State archives full of such marginal notes in Wilhelm's hand help explain why Germany found herself surrounded by a world of enemies. Less of this imperial supervision might have meant fewer adversaries. Encompassed by a ring of enemies, the garrote slowly throttling her, Germany succumbed. But in the offing, after a nightmare convalescence with revengeful foes kneeling on her chest, lay rehabilitation and regeneration.

CHAPTER III

A SOCIALIST GOVERNMENT BY STRIFE

FROM Kiel, the focus of infection, the revolution spread inward. The first relaxation of discipline started a great exodus from the Baltic base: young boys in training and hardened veterans set out for home. Some traveled in uniform, spreading the news as they went; others fled in disguise, dreading arrest by the first policeman. But each was an eloquent herald of broken discipline.

The advance guard of old party workers, wearing red arm or shoulder bands and brimming over with a crusading spirit, headed for home to organize the revolt. Preceded by their reputation, they were usually arrested by the railway guards, whom they converted on the march to the barracks. The arresting party continued as liberators. Augmented by released soldiers, they occupied the public buildings. A soldiers' and workers' council quickly formed and became the new government, which invariably appealed to the populace for calm and order and threatened severe punishment for plundering.

The older authorities desperately contrived measures to fend off the impending revolution but without exception prostrated themselves on its appearance. Everybody recognized the need of a change and met it halfway. As well think of opposing an earthquake. Even the garrisons acquiesced. On the 9th, after the revolution had already been accepted, Hindenburg ordered military authorities to coöperate with the councils.

Typical of the change was Baden. Karlsruhe, the capital of the state, was still quiet on November 8th but apprehensive, for Mannheim had formed a soldiers' and workers' council the

day before. At five in the evening of November 8th some sailors arrived. The soldiers guarding the railway station were listlessly discussing the events and agreeing that they should welcome the first signs of a successful coup. The newcomers addressed the curious crowd about the terminal. Soon a mob was marching toward the governmental administration buildings. The leaders organized themselves into a soldiers' and workers' council and called for the resignation of the cabinet, which complied with alacrity, although only the day before it had been busily preparing to stifle any revolutionary symptoms. The crowd stripped the yellow half off the yellow and red Baden banners, and presto the revolutionary emblem was made. The remaining public buildings were occupied. By eleven in the evening everything was in the hands of the revolution.

The next day, rumors of the noncommissioned officers' training-school marching to suppress the revolt, frightened the Council, which soon regained reassurance and composure enough to take measures for defense. In the meantime the menace passed, for the generals called off the marching soldiers. The Grand Duke, a liberal, kindly ruler, had withdrawn himself to his palace under Council guards.

A pot-valiant sailor with no more authority than his huge body and bold bearing commandeered a few soldiers for his escapade and marched them to the palace, where he demanded to see the Duke. Although he seemed to have no end in view beyond bravado he frightened the ducal entourage out of its wits. They hastily decided to flee, driven by the idiotic prank of a befuddled sea subaltern. Down a back passage, through the library, and out a window, the royal family fled to their country estate, Castle Zwingenberg, where they lived in greatest secrecy. Days later from this castle the Grand Duke issued a reluctant, provisional abdication, merely agreeing not to disturb the present régime but promising nothing about a renunciation of his rights.

Baden was not one of the early converts. Practically the

whole nation had by now dismissed the old régime. Only Berlin, which the revolution had warily skirted like a beleaguering army, had not spoken, more from ignorance than from reluctance. But without the capital the revolution would be acephalous. The anxious authorities had carefully isolated the city. On the 6th the city was feverish. On the 7th the formation of councils was forbidden. During the night all connection, telephonic, telegraphic and railway, with the rest of the country was cut. For two days no train left Berlin. All officers were ordered to report for active service. Troops were armed to the teeth. Realizing the futility of force, the government forbade bloodshed and von Linsingen, Commander of the Mark, resigned on the 8th.

Saturday, the 9th, found Berlin a huge military camp with the streets full of patrols, varying from two or three soldiers to a whole company. The newspapers were allowed to announce the formation of soldiers' and workers' councils. The abdication of August, Duke of Brunswick, the Kaiser's son-in-law, was headlined. The workers in the factories were called out on a strike long threatened by the Social Democrats for the failure of the Emperor to abdicate. Street-car conductors reported the march of the strikers. Carrying improvised red flags the latter advanced on the city. Soldiers encountered were persuaded to doff the imperial colors. Loyalists were not molested. A little after one o'clock the marchers from the north entered the inner city.

A visit to the barracks found the soldiers waiting to join the parade and to hand out weapons. Early in the morning a deputation of soldiers declared to the Reichstag that they would not fire upon their countrymen. Naumberger Jägers (Scouts), selected for service in Berlin because their reliability was unquestioned, came to the *Vorwärts*, the Socialist paper, to announce their solidarity with the people. The men in this Prætorian Guard even performed messenger service on their cycles for the revolution. Military autos scuttled about filled with revolutionists and bedecked with red flags. Vehicles secured

passage only by displaying red flags. Demonstrations formed spontaneously in different sections of the city and converged in the heart of the metropolis.

By three in the afternoon some disorder began. The tough element, loosed from its restraints, began to enjoy the revolution. Wherever an officer appeared a crowd soon surrounded him and tore off his insignia. But few shoulder bars were seen on the streets. After a first indecision the officers had received telephone orders at eleven in the morning to go home and change to civilian clothes. Although a little officer baiting occurred, for a revolution there was not much disorder. The quiet and order sprang out of the German character. The very revolutionary workers helped the soldiers patrol against lawlessness. Scheidemann's inaugural speech of the revolution from the Reichstag terrace had appealed at its close for order. "I beg you to see that there is no disturbance to public safety." Ebert made the same request. The workers' and soldiers' councils issued similar appeals.

Word arrived that the sailors of Wilhelmshaven, the scene of the original outbreak, were sending a delegation to Berlin by airship. The workers rushed out to the Johannisthal aërodrome to assure a landing place. Rumor and unfounded reports circulated excitedly. Loyalist troops were reported to be advancing on the city. Armed conflicts were supposed to have occurred in such a suburb or street. Actually nothing happened beyond the people greeting the new order of things.

Presently handbills were being distributed among the throngs. The first to arrive were from the new government. "Human life is sacred; property is to be protected against illegal interference," the people read and cheered. The radical Independent Socialists were not lagging far behind. Their sheets were applauded like the government's. The bolshevist Spartacus output found the same popular favor. Everything suited the masses. They could not shake themselves from unreality and habitual restraint. A little parading, shouting, af-

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fecting red arm bands is not the wild ebullition of raging revolution.

Some, however, were revolutionists by spirit and impulse, and not by the adventitious turn of events. Liebknecht and his group of Spartacists were in their element now. At 4:30 in the afternoon he proceeded with a multitude at his back to the royal castle at the head of Unter den Linden to raise the red flag and make an inflammatory speech from the same balcony where the Kaiser had addressed the masses at the outbreak of war. Like conquerors they had appeared at the door of the schloss and regally taken possession. The big bells across the square in the Dome Church where the Kaiser had worshiped were set a-ringing a pæan of victory.

By six in the evening the public squares were jammed with people. Passage was difficult. The crowds scented royalists here and there. Some shooting occurred at the Schloss Platz, where the adjoining Royal Stables were stormed and taken from an absent enemy. The near-by university and the royal library were raked with fire but no reactionaries were found there either. More Fourth of July shooting took place at the corner of Friedrichstrasse and Unter den Linden. Firing occurred at the Friedrichstrasse railway station. The shooting, fortunately harmless, continued purposelessly through the night.

Everybody hailed the new order, for it had been tacitly agreed by the whole nation that things could not go on as they had gone under the old system. A change must come. Even Hindenburg, the stanch and loyal warrior of the Kaiser, telegraphed his services to the new government. He acted out of sheer patriotism. Someone must stay to demobilize the army and keep order. His respected name and his ability made it possible to march the army out of Belgium under the harsh and hurried armistice terms. Hindenburg's action was merely typical of the general feeling. Had there not been a readiness, a psychological receptivity for the revolution, it could not have been so tame and bloodless and easy as it was. The beneficiaries

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of the old caste system took the upheaval meekly as sinners, for they knew what had happened in the French and the Russian revolutions. Only later when they saw how tolerant and good-humored the German workingman was did they find their courage and loud voices. Then they discovered that the Socialists had "stabbed the army in the back" and caused the defeat deliberately. For the present, however, everybody made way for the new order. All the twenty-two kings and dukes abdicated within the week. Ludendorff fled to Sweden under the assumed name of Lundstrom.

The transformation took place rapidly, with alacrity. The old labels were covered up. All references to the past were removed. "Hoflieferant," the German equivalent for "Purveyor to his Majesty, the King," was hastily removed from shop windows and delivery wagons. The *Kreuzzeitung*, a violently conservative paper, modestly left off from its issues the old motto, "Forward with God, for King and Fatherland." Conformance was uniform. The only opposition to the revolution came from the royal library, the university and the other places from whence shots issued. But today it is more than questionable whether that was not also a figment of the excited imagination of crowds sure that somewhere the old régime must be making a stand.

The Spartacist group of extreme radicals, intent on exercising control of the uprising, deployed their adherents to the large newspapers, which fell easily into their hands. The *Lokal Anzeiger*, the most chauvinistic of newspapers, was turned into a communistic sheet, while the *Allgemeine Norddeutsche Zeitung*, a notorious annexationist journal, appeared ironically enough on November 10th as the "International." Some of the articles, set for printing when the plants were occupied in the evening, were used by the revolutionists, who merely wrote short introductory sentences to correct any conservative bias of the original writers.

The second day of the revolution, Sunday, November 10th,

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was a bright sunny day. The ardor of inaugurating a new government was still strong. The workmen streamed into the inner city carrying rifles for eventualities. Patrols strolled up and down the streets. Sailors were now apparent where yesterday only soldiers took part. The crowds gravitated to Unter den Linden. The mob milled around the Schloss and the Schloss Platz. Suddenly a shot was heard. In a moment the people had vanished. About noon a shot near the Reichstag scattered the crowds again in dismay. Sunday was spent in the harmless gatherings of the burghers come to peek at the revolution. Monday everybody went back to work.

While Liebknecht and his Spartacists were congratulating themselves with speeches to a sea of heads and with ringing of bells, the Social Democrats took decisive steps. We have already described how they hurried to the chancellor to get possession of the reins of government. Ebert in his capacity of premier took the necessary steps to insure the precarious food supply and to appeal for law and order. He admonished the citizens to keep off the streets. Liebknecht, the arch radical, urged them to stay on the streets.

On the eventful Saturday morning, as Ebert and his group of Social Democrats left the chancellor's building charged with the responsibility of forming the new government, they met another deputation, come to demand of Prince Max what Ebert had just received. Oskar Cohn, Dittman, and Vogtherr of the Independent Socialists had arrived a little tardily. Ebert, duly impressed with the serious situation, at once offered to his political opponents places in the cabinet. The Independents professed themselves unable to decide without consulting the party organization but promised an answer by four in the afternoon.

The Majority Socialists were fully alive to the great dangers the nation was now to confront. The united and active consent of all classes was necessary if disorder was not to break out. If the Independents with their great constituency remained out of the new administration, there was a constant likelihood of vio-



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Liebknecht Addressing the Spartacists

lence. The Independents, moreover, were all the more necessary because the bourgeoisie and the army had completely vanished from the public stage, had abdicated with the Kaiser. The nobles and their clique were painfully quiet, with fear in their hearts.

Ebert thought in truly national terms. He wanted a broad foundation for the new nation. He wished to see such outstanding liberal bourgeois representatives as Baron von Richthofen, Erzberger, and Gothein in his cabinet. The Social Democrats regarded themselves only as trustees for the future will of the nation. In his first manifesto as Premier Ebert made no mention of a republic. Though the monarchy had been shattered, he and his party leaders had no mold into which they wished to press the country. They were not opposed to a kingship as such. A National Assembly would decide the form of government. Ebert was ready to welcome even Liebknecht's radical Spartacus group.

When Scheidemann, Social Democratic leader, came for the Independent decision on entering the cabinet, controversy was still raging. Not until evening was a program worked out. The cabinet was to become the Council of People's Commissioners with a joint chairmanship of a Social Democrat and an Independent. The old ministers were to continue functioning without the right to vote. Liebknecht's dictum of all power being in the workers' and soldiers' council must be recognized. After three days the agreement was to lapse.

The Social Democrats replied next morning, Sunday the 10th, that they too desired a socialistic republic but insisted on leaving the form of government to the people in a national assembly. "All power in the councils" could not be accepted if this meant a minority dictatorship. The three-day clause was rejected because the parties must work together until a national constituent congress assembled.

Time was pressing. The first meeting of the Workers' and Soldiers' Council of Berlin was to take place that same Sunday afternoon at five. The parties must confront this meeting with

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mutual agreement and a harmonious program. A formula, including joint chairmanship of the cabinet, which was to be called the Council of People's Commissioners, three commissioners from each party but no time limit on the coalition, smoothed out the differences the same morning. Immediate efforts were made to keep the new government and the country clean.

On the evening of Saturday, November 9th, a preparatory meeting had been held in the Reichstag where elections to choose delegates for the Workers' and Soldiers' Council of Berlin were decided upon for the following day. Since only soldiers and workers were to be represented, the balloting was conducted at the factories and barracks. At five in the afternoon of November 10th three thousand delegates met in Cirkus Busch. Ebert opened the session and in plain, simple terms told what had happened. He dwelt upon the reconciliation between the divergent wings of the Socialists. Haase, the veteran chief of the Independents, who had arrived in Berlin only that morning, followed Ebert with a speech in the same vein.

All the Independents, however, were not so conciliatory. Some moved that a majority in the new cabinet, or as they styled it the Council of People's Commissioners, as well as in the Executive Committee of the Berlin Workers' and Soldiers' Council, be Independents. They demanded further that Liebknecht and Rosa Luxemburg be made members of the Executive Committee. These two, however, declined to share seats in a government with the Majority Socialists. In the end the congress approved a cabinet of three delegates from each party but under the name of the Council of People's Commissioners.

The congress also established an Executive Committee composed of twelve workers and twelve soldiers to be the superior organ of government and to control the People's Commissioners, who were to be responsible to it. It was obvious that a body of three thousand delegates, as was the Berlin Workers' and Soldiers' Council, could not sit permanently to look after governmental business.

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The Majority Socialist delegates in the People's Commissioners Council were Ebert, in charge of the ministries of interior and military affairs, Scheidemann, the press, and Landsberg, finances and justice. The Independents were Haase in the department of foreign affairs, Dittman, miscellaneous, and Barth, social affairs. Ebert and Haase took over the joint chairmanship. The functions of the Council were not defined nor distinguished from those of the Executive Committee. The failure to separate their spheres led to friction until these respective functions were settled on November 23rd at a joint meeting of the Executive Committee and the Council of Commissioners.

The old officials who had directed the subdepartments under the Kaiser were at once invited to remain and assist in the patriotic work of saving the country from chaos. Without an interruption they continued their invaluable services to the new régime. Matters that were begun under the Kaiser were nonchalantly completed under the Socialists. So, in the Official Gazette of November 12th, were published decrees of November 4th and 5th. The selfless labors of these high bureaucrats contributed mightily to avoiding a breakdown in administration.

The fight of the Independent Socialists to transform the cabinet into the Council of People's Commissioners was only a phase of the council movement in Germany. Councils sprang up everywhere after the collapse of the monarchy. Russia had made the idea popular. Generally the German councils took over existing administrative bodies. Cities and states came under council rule. Special councils also were formed to direct shops and factories, army and navy, railways and mines. OHL, hoping to direct the storm, on November 10th ordered soldiers' councils established throughout the army.

The councils which sprang up everywhere were of varying quality. Some were good, others bad. Local bodies composed often of inexperienced froth caused most dissatisfaction but on the whole the councils helped more than they hindered.

With such a welter of unrelated councils, with no clearly

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marked fields for them to expend their energies and ambitions in, incoherence was bound to result. Conflict developed. Local officials jealously opposed wider authorities; states combated national administration. National organs were at odds with each other. The Berlin Workers' and Soldiers' Council usurped national affairs without a national mandate. Its Executive Committee clashed with the Council of People's Commissioners.

Military affairs were in a sad state. Administration was hampered by the interference of army councils which frequently upset careful demobilization plans by requisitioning trains and discharging unpopular officers. Local guards were established in each city, often, as in the Berlin Republican Guards, composed of the unmixable elements of Independents and Social Democrats. Internal strife then brought the public order force to naught. The Spartacists strove to found their own red army but were frustrated by the sensible Berlin Soldiers' Council.

The most serious conflict of all was that between the two Socialist parties now governing the country. Until the war there was only one, Social Democratic Party, although the beginnings of a right and a left wing had manifested themselves. The split came over supporting the war. The majority influenced by the presence of reactionary Russia in the enemy ranks and by the apparently defensive character of the war voted the government war credits. Karl Liebknecht courageously stood out as the lone opponent of the government and war. Gradually other Socialists rallied around him until on March 24, 1916, eighteen deputies forsook the old organization to form the nucleus of the Independent Socialist Party.

Liebknecht remained the chief opponent of the war. He sent a New Year's greeting for 1915 to the English Socialists. For his defiance he was called to the colors, although deputies were usually exempt from military service. He continued his fight upon the war by a series of anonymous letters signed Spartacus in reminder of the Roman gladiators and slaves who rebelled against Roman cruelty. He was sentenced to four years and a

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month of hard labor in prison for denouncing the war on May 1, 1916, the traditional labor day of Europe, to a Berlin crowd, including soldiers. He remained in prison until October 21, 1918, when the Social Democrats secured his release.

Liebknecht soon found the atmosphere in the new Independent Socialist Party too chilly for his ardent temperament. He formed a left wing which championed Bolshevik ideas. This group, which came to be known as the Spartacus Group from the anonymous letters, enjoyed close contact with Russia. This Bolshevik connection came dramatically to light on November 4, 1918, when a Russian courier's packing box fell apart in the Anhalter Station, Berlin, scattering revolutionary literature printed in Russia in the German language. The Russian Ambassador, Joffe, was given his passports and left on the night of the 5th. The Russian staff very carelessly left behind a very damaging receipt which showed that from September 21 to October 31, 1918, 259 Mauser rifles, 26 Brownings, 23 pistols and 27,000 bullets had been purchased with Russian money.

The Socialist movement was therefore split into three divisions: the old, conservative Social Democrats, the apostate Independent Socialists and the very red Spartacists, a splinter from the Independent Socialists themselves. But for the present there existed formally only two Socialist parties. Liebknecht and his group were only later to break clear off. The differences between the majority Social Democrats and the Independents had become so embittered during the last years of the war that the fissure had grown into a chasm, unbridgeable in the torrent of war passions.

A compromise had been agreed upon for the time being, so that a government could be formed, but the Independents, who had wanted to limit their agreement to three days, in order to have a chance to step out and lead the expected radical wave to sole power, were not sincere in their commitment. The Majority Socialists, on the other hand, thought more of the nation and not only of party.

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The fundamental difference that now rent the two parties was the question of class dictatorship. The Social Democrats were socialists and democrats, as their name implied, and were unwilling to forget either principle. As much as they believed in socialism they also believed that it would be worth adopting only when the people desired it. They stood, therefore, adamantly for national elections to a constituent assembly which should decide the future government of Germany. The Independents, especially the Spartacus Group, bitterly shouted for a council government, which they were willing to establish by force if they were in the minority.

Liebknecht was the indefatigable proponent of a class dictatorship. Rosa Luxemburg, a crippled Polish Jewess who had secured German citizenship by a marriage arranged for the purpose, helped him plan the campaign. For charging German officers in 1914 with cruelty she like Liebknecht had been sent to prison. Russian encouragement and money cheered these two and their followers on in their fight for soviets.

Besides the fundamental difference on a class dictatorship the factions waged fierce combat over the army. The laboring man learned to distrust the military officials, so that the failure to demobilize all classes was regarded as a continuation of the old militarism. The need of an army in the east where the Poles were causing much trouble had led to the keeping of the 1897 and 1898 classes in arms. Extremists fumed; moderates doubted. Ebert's approval of the army enraged the lefts.

Every now and then these and other shadowing divergencies would be catapulted into the foreground, but the mountain of problems confronting the People's Commissioners kept them in the background for a time. One of the first things that the cabinet had to face was the ponderous question of authorizing the armistice. Despite the fact that the Socialists had had nothing to do with the declaration of war, they had now to assume the responsibility of accepting the enemy's victorious terms. The harsh conditions that were proposed by the Allies infuriated

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many members of the soldiers' councils, in whose meetings un-reasoning pleas were advanced for a resumption of hostilities, as against abject submission. Indignation overcame a recognition of reality in many ranks of society, and the cry for honor regardless of cost resounded.

A revolutionary government appealing to liberal principles could not, of course, long be in office without wiping the slate clean. On November 12th a manifesto was issued ending the state of siege which had been freely employed during the war. The right of public assembly was assured to all and the war-time censorship was totally abolished. Expression of opinion was made unrestricted and the exercise of religion was left entirely to the individual. Political amnesty was granted. The auxiliary service law which effectively checked hostile laborers, putting them in a sort of war category, was abolished. The odious servants' ordinances were suspended, while the labor laws which had been withdrawn during the war were now again put in force. The manifesto ended with a promise of elections for a national assembly.

On the same day a new election law was given to the nation. The ballot was made secret, direct and universal, with the addition of proportional representation. This was a great sacrifice, for by sponsoring this advanced legislation the Majority Socialists threw away many seats in the coming elections. It is even possible that under the ordinary method used heretofore they would have obtained a clear majority.

The duties of the first few days of the new administration taxed its resources beyond its powers but a valiant effort was made to meet all problems. On November 12th an Economic Demobilization Bureau was founded to assist the return of commerce and industry to a peace-time footing. This body was destined to have great importance in the first post-war years. On the 12th too Ebert, the People's Commissioner in charge of the army, telegraphed headquarters in Belgium that the councils were to subordinate themselves to the officers in order that

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demobilization be not delayed. The councils were assigned to advising and looking after maintenance and supervising furloughs. This telegram created a furor among the lefts.

The problems to be solved were so numerous that the new authorities soon saw that they needed all the help available from all sources. On November 14th, therefore, the old Bundesrat, the body composed of representatives sent by the states to Berlin, was authorized to continue the administration of the functions that it had hitherto enjoyed. On November 15th a Central Labor Chamber was founded on the initiative of employers and employees for the purpose of establishing wages and working conditions by joint agreement in accordance with the conditions prevailing in the various trades. This was a private attempt to meet the difficult economic crisis but it found willing coöperation from the government.

Another official effort was made to solve the social questions thrown up by the war. There was beyond doubt a great wave of laboring-class consciousness borne in by the revolution and a more righteous adjustment of the economic resources of the nation was desired in wide circles. Socialization was the watchword of the day. It was patent to any level-headed person that an immediate change to socialized production was impossible. A committee with Kautsky as chairman was therefore appointed in November by the Council of People's Commissioners to inquire and report on the feasibility of introducing socialism. December 10th the committee brought in an interim report which declared that the revival of production and foreign trade was a paramount necessity if the state were to take over any industries. Socialization was definitely recognized as impracticable for the present. The branches of production that could first be switched into the desired régime would be the coal and iron industries.

While the complete socializing of production was impossible for the near future, every effort was made to bring the laborer's position to a greater influence in the economic organization. On

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December 23rd the Works Councils were legally recognized. Clause Two of the law gave the Department of Labor the right to fix conditions of work, of discharge and of wages in the important trades. In the last weeks of January decrees were published giving the workers improved working hours, unemployment doles and insurance. More radical steps were rejected because the Majority Socialists always took the stand that the present government was only a stop-gap and that a national assembly as the direct nominee of the people must speak for the country. The Social Democrats, furthermore, wished to give the soldiers a chance to get back from the field and add their voices to the discussion.

Problems were met with energy but often the internal differences lamed the solution. The internal cares alone were sufficient to trouble the heads of any government, suddenly beset with improvising an administration after a revolution. Not only must the ordinary cares of government be met but serious strife must be avoided between the various parties. The ignorant cry for socialization, regardless of feasibility, had to be answered.

On top of the internal troubles came the onerous foreign exactions. The armistice terms were enough to stagger a smoothly running administration. The four years' accumulation by an army of millions had to be cleared out of Belgium and France within fourteen days under penalty of imprisonment for any German soldier left at the expiration of that period and of confiscation for uncleared materials. Through the good fortune of favorable weather and the heroic labors of the German military machine it was possible to evacuate these regions but only at the expense of leaving enormous quantities of supplies behind, for which not a penny, not even credit on reparations account, was received. Germany had to turn over all her prisoners. Railway and transportation facilities were taxed to the limit. To aggravate communication difficulties the Allies demanded 5,000 locomotives and 150,000 cars in thirty-one days, while in thirty-six 5,000 motor trucks must also be surrendered. Turning

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over the enormous number of guns and mortars was not so disturbing as the other specifications. The whole left bank of the Rhine had to be cleared of German soldiers as well as ten kilometers on the right bank. After the preliminary demands of the armistice were met there came the frontier questions. Poland was causing much trouble. Armed bands were occupying as much territory as they could seize, hoping by a *fait accompli* to influence the peace terms.

But the most serious question of all was that of food. The Germans had fought ineffectively against the continuance of the Allied blockade but all they could achieve in the armistice was a clause that the Allies would "give consideration to the provisioning of Germany during the armistice to the extent recognized as necessary." The only country that seemed to take the German starvation seriously was the United States. Even before Article 26 of the armistice encompassed the feeding of Germany, President Wilson had taken steps. On November 7th he had directed Hoover to be ready when the imminent armistice was actually signed. On November 12th he directed the relief director, now food administrator, to proceed to Europe where the food problem was acute. Already on November 16th the first shipload of American food was en route to Europe. Five more ships followed in a few days. In Chapter II we discussed the growing scarcity of provisions in Germany, how the bread grain was at one-half, the meat at one-seventh, the fats at one-third normal, while eggs, sugar and milk had almost disappeared. Thus Berlin before the war got 1,250,000 liters of milk daily but in 1919 only 225,000. As a result the death rate trebled in the three months following the armistice. Conditions were so bad that newly born babies had to be wrapped in newspapers for lack of blankets. Not only food but other necessities were missing.

Hoover was thoroughly familiar with the food situation and how it might be overcome. He recognized the continuation of the Allied blockade during the armistice as an insuperable obstacle to an efficient execution of provisioning. He opposed

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this unnecessary and heartless measure from the first. On January 1, 1919, in a memorandum to President Wilson he proposed that the northern neutrals feed Germany with food acquired in the western hemisphere. This was the best solution he could offer. Germany could not purchase her needs directly from the western hemisphere because it would reduce her cash available for reparation payments and the Allies had already taken measures to keep her gold reserves within Germany. It was inconceivable that the Allied governments would extend to a hated enemy the credit necessary for food purchases. The war had broken all private trade connections Germany had had in the countries where she must now get her food. The northern neutrals on the other hand had maintained contact with Germany during the war and now could take German products in return for food they themselves could import from the west. The military moguls, however, had no understanding for any but strategic considerations and no modifications could be squeezed from them. Hoover continued his fight. On January 18th he wrote a note to the Supreme Council of Supplies and Relief which went unanswered. The campaign went on but Hoover with all his influence accomplished nothing. The blockade remained. A small relief was granted finally on April 21st, when Germany was given the right to import food on her own account. Only the signing of the peace terms, however, brought an end to the blockade.

The shipping question played an important rôle in the food problem. With the signing of the armistice a great surplus of marine tonnage was expected. The Allied and neutral ship-owners, therefore, rushed all available ships to the Far East, to the Argentine and Australia to pick up cheap food products to be sold in Europe's starving countries. But instead of the awaited surplusage of shipping, a shortage developed. Added to the absorption of tonnage in the distant food markets came the importunate demand in the English colonies and in America for the repatriation of their soldier kin. Now too with the lull

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in battle the repairs that had been put off during the war at the expense of lowered efficiency had to be attended to. This urgent need of repairs took a large number of vessels off the ocean lanes. Minor difficulties increased the dearth. The workers had a great nervous relaxation after the strain of war and the loading time was materially lengthened. At this same time a threatened coal strike in England caused the vessels to bunker with sufficient coal to make a round trip, thus wasting valuable space.

The armistice concluded on November 11th was to run for thirty days, after which it was to be extended by mutual agreement. On December 14th it was renewed on the same terms. In view of the shipping shortage, when the second renewal came up on January 16th, the Allies demanded that the Germans agree to the using of 4,000,000 tons of their merchant fleet under Allied flags for the transportation of food to the sorely pressed Continent. Germany, fearing that this was only an Allied trap to obtain possession of her ships, resisted all efforts in this direction. She would not part with them unless a definite shipping contract were arranged. The Allies on the other hand, justifiably too, refused to deliver any food until Germany with her fleet assisted in the world crisis. Germany had therefore only secured preliminary food supplies which soon ceased.

The defeated were in dire straits and kept pressing the Allies for fulfillment of the provisioning promise. Numerous meetings were held between the representatives of the two parties. On February 6, 1919, the Germans and the Allies met at Spa where it was agreed that the former should have 250,000 cases of condensed milk and 30,000 tons of pork products at a cost of \$30,000,000. By the time of the Spa conference on March 4th the shipping question was not yet settled, nor did that discussion effectuate a solution. The Allies now demanded a categorical yes or no answer to the demand for the employment of German ships. In face of a break the answer came yes.

The first food ship that reached Germany, after the ship-

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ping question was composed, docked in Hamburg on March 25, 1919, carrying 6,627 tons of white flour. Germany received altogether ninety-one shiploads of food products, totaling 618,000 tons of food at a cost of \$250,000,000. This was mostly negotiated through the American relief channels.

There was just enough surplus in the world to take care of Europe's absolute minimum needs. Since no country could be allotted its full needs, Germany received only 300,000 tons of cereals and 70,000 tons of fats monthly. Today one finds a lively recognition of the services that American relief agencies rendered to the country, in the great and disinterested achievements not only immediately after the armistice but also during the terrible years of inflation.

CHAPTER IV

THE SOCIAL DEMOCRATS IN SOLE CONTROL

THE discordant Council of People's Commissioners had cleavages enough in its own ranks without a chisel constantly being driven into its fissures. But Liebknecht hammered away, night and day. Nothing was radical enough to suit him. One thing only could appease him and that was the adoption of the Russian soviet machine. To this end he spent his every minute and his wiry, tireless energies. There was enough to criticize in Germany at the moment. But the war was to blame and not the new government. To one, therefore, who would see no good until every worker was turning the screws on the non-proletarians, there was material to hand for tirades. Liebknecht did not fail to utilize it. Daily he rode around to the public squares, delivering incendiary speeches. From the press (his group had founded the daily newspaper *The Red Flag*) he addressed his burning words to the unthinking.

His appeals were mostly phrases. "Down with Ebert and Scheidemann" was an integral part of every speech and article. He termed the old Socialist party an ally of the Kaiser, working hand in hand with his appointed military officials. They were reactionaries and counter-revolutionists. Worse still they were nothing but traitors to the workingman's cause. Did they not subordinate the soldiers' councils to the generals, the hated enemies of all proletarians? The ubiquitous slogan was "All Power to the Workers' and Soldiers' Councils." The unemployment situation and the pinching food shortage were great allies of the radical Spartacus.

The abuse that Liebknecht heaped upon the Social Demo-

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crats was manna to that submerged portion of the Germans who now frothed to the surface. They fed on his hot fare until they burned for action. In the heat of frenzy they set out on November 21st to free a group of political prisoners reported captive in the central police bureau. Their assault was repulsed with one policeman, one man and one woman dead. The government for a few days showily marched troops around the city to impress its strength upon the hot-heads. Liebknecht pointed to this purposeless parading to substantiate his charge of militarism.

With the serious rifts in the Council of People's Commissioners and the increasingly hostile and bold attitude of the populace, the Social Democrats countered by rallying the saner elements. They arranged the calling of a convention of representatives from all German states for the purpose of securing greater coöperation between the incoherent administrative agencies and of curbing the mounting radicalism. Seventy delegates appeared in Berlin on November 25th.

This congress after lashing both the government and its assailants concluded by stamping its approval on the chief aims of the government as represented by the Social Democrats. The cardinal principle of that party, the holding of elections to a National Assembly, was sanctioned. The authority of the Council of People's Commissioners to act until the National Assembly convened was ratified. The convention agreed that socialization would have to be postponed. But the most important result was the demonstration that the rest of Germany supported the policies of the Majority Socialists.

The outcome of the November 25th convention heartened the moderates but did not dishearten the radicals. When two reactionary bureaucrats in the Foreign Office attempted the crazy coup of arresting the Executive Committee of the Workers' and Soldiers' Council, the extremists gathered in their wrath. A crowd of governmental adherents equally excited by the high-handed enterprise marched to the administrative build-

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ing to offer the presidency of the nation to Ebert. That gentleman tactfully refused the honor with a reference to the necessity of proper elections and of his acting in accordance with his party's decisions.

The Spartacists in their turn organized a demonstration. Eichhorn, Chief of Police, granted them a permit to hold an unarmed parade. The Soldiers' Council at the City Commander's office, learning that an unauthorized march was going to be staged, posted troops to intercept it. When the clash occurred sixteen were killed and twelve wounded, furnishing Liebknecht a golden opportunity to fan the passions of the masses.

Either Spartacus had a concerted national plan or the news spread rapidly, for in Munich they seized all the newspapers on the same night and coerced Auer to resign his post as Minister of the Interior. Halle, Düsseldorf, Schwerin, and Dortmund also saw radical activities.

As was the red wont, huge meetings were arranged for Sunday the 8th to protest the murders on the 6th. The Social Democrats replied with fourteen gatherings around the city. Liebknecht adherents toward evening marched to the Wilhelm Platz to abuse the People's Commissioners. The fuse of rage sputtered in reviling but the offices were not attacked.

The Spartacus Group within the Independent Socialist organization was driving that party to great lengths in its attempts to prevent a split. On the one hand were the moderates, grouped around the party chief, Haase, who had worked to organize the separate party over war differences and who, now that the war was over, had no good reason for separation. On the other hand were the Spartacists, whose radical sentiments we well know. There was no room in the same organization for such divergent views. Splitting the party would rob it, was robbing it, of strength. Dangerous compromises that could not help permanently were made. Against better judgment the Independents were forced by the radical wing to make stand against sane and sensible proposals of their Majority confrères. But Liebknecht

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and Luxemburg and Ledebour restlessly pushed them forward. The strife within the cabinet continued at a heightened pitch.

While the points at issue between the two ruling parties increased and the hostility sharpened, the council system throughout Germany sprouted, branched and blossomed. At the first arrival of the revolution the Berlin Workers' and Soldiers' Council had appropriated the functions of an all-German legislature, although it had no mandate beyond an election hurriedly held on November 10th only within Berlin among the factories and regiments. It was clear that under the circumstances some arrangement must be arrived at to establish some form of national consent. The Executive Committee of the Berlin Council had striven to make itself truly national by adding members from the other parts of the country on November 23rd. In the process its numbers were increased from the original twenty-four to forty-five.

To establish a national mandate, a congress of all German Councils was called for December 16, 1918, when over five hundred delegates from the various councils existing in Germany arrived in Berlin for the sessions of what was the first real revolutionary congress held in Germany. Of the five-hundred-odd arrivals four hundred and forty-two were accepted as properly qualified representatives.

The Spartacists fully appreciated the key importance of this national congress of councils and accordingly laid plans to influence or coerce it. Their press for a week had urged the necessity of hundreds of thousand welcoming the delegates in a manner worthy of the dignity of the new freedom. When the Congress convened on December 16th a great throng of fifty thousand or more besieged the meeting-place, the Prussian House of Deputies. A delegation requested the removal of the People's Commissioners, the disarming of the counter-revolution, the formation of a red army and summary action against Ebert. The convention promised to consider the matter. The following afternoon the petitioners forced an entrance into the hall, despite

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the vote of 400 against 12 to bar them. To avoid a violent scene an exception was made permitting the delegation the use of the floor. The Spartacans particularly demanded Ebert's removal. They threatened. They refused to leave until favorable action had been taken on their petition. Finally, to end a delicate situation the assembly voted adjournment to the following day.

The matter came to an end on the 18th when the petitioners appeared once more but in a more conciliatory mood. Their demand of the previous day that the soldiers' and marine councils be recognized as the supreme authorities of the army and navy was settled by agreeing that the officers were not to wear any insignia of rank nor be set apart from the privates in any way. The People's Commissioners, however, continued to administer the army, although under the nominal supervision of the Executive Committee of the Workers' and Soldiers' Council.

The Social Democrats sustained their desire for an election to a National Assembly in this National Congress of All-German Councils as it had on November 25th. This was the fundamental dividing point of the Moderate Socialists and the Independents, which no compromise or concession could erase. Fortunately for the assembly-idea Haase, the chief of the Independents, had forced through a party convention on December 15th the skillful resolution that "the most important task of the Independent Socialist Party is to organize for the elections to the National Assembly. All efforts must be bent to securing a victory for socialism against the bourgeoisie." He masterfully avoided a direct approval of participation in the elections but achieved the same end.

The government originally had set February 16, 1919, as the date for the election but the chairman of the committee in charge urged January 19th with the idea of shortening the radical campaign of subversion. Having first made short shrift of the plan to legalize the class dictatorship by declaring the councils the supreme organ of government, the congress voted 400 to 50 for January 19th.

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The moderate Majority Socialists were winning all down the line. The Independents finally threw the whole prize into their laps when they refused to accept seats in the Central Council which the Congress created to replace the Executive Committee of the Berlin Council. The new Central Council was to have twenty-seven members, seven Social Democrats, seven Independents and seven Spartacists. Liebknecht and Luxemburg refused to sit with the "traitors of the revolution," Ebert *et al.* The Independents surrendered their share of the inheritance with the declaration that the election of a National Assembly deprived the Central Council of the ultimate power and gave the Council only a borrowed power, a contingency in opposition to the aims of the revolution. Thus the whole Central Council, which was to be the supreme body between the infrequent sessions of the All German Congress of Councils, became a Majority Socialist preserve.

The convention ratified the full authority of the cabinet or the Council of People's Commissioners as it was called. Until the forthcoming national assembly should be installed the All-German Congress authorized the People's Commissioners to continue their functions, which were defined as being the administration of all executive and legislative powers of the country under the supervision of the new Central Council. The Majority Party was now holding the reins with a check bit on its opponents. To round out the national administration a Staatenausschuss or Committee of the States was created, which was to replace the old Bundesrat which had been given a new lease on life on November 14th. The new organ was to continue its co-operation with the Commissioners.

The Majority Socialists had emerged victorious from the convention but they had a continual battle to keep the government going. Their most active opponent was Spartacus, whose inflammatory activities we have already noted. Spartacus had a great influence over the irresponsible Marine Division sent to Berlin when the railroad connections with Kiel, whence the

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troops were requested, were broken. The sailors as fathers of the revolution held the especial esteem of the populace. There had been no Noske in Wilhelmshaven to curb the revolutionists and the Division came to Berlin still boiling. The original six hundred had grown to sixteen hundred by accretions in Berlin. While the majority of the troops were plain, good men, their leaders were self-seeking and unreliable, in close touch with the radicals.

The Marstall, or Royal Stables, next to the Schloss (Castle) became their barracks. The Marines acted as guards for the Castle, where the treasures collected by generations of Hohenzollerns were housed. In the free and easy manner of the revolution the families and friends visited the guards, taking the opportunity of family connection to see the tabooed penetrabilia of the Kaiser. Objects of art and other valuables were reported to have been lost. Whether the visitors, the sailors or other gentry took the articles is undetermined. And it is even disputed today that any serious losses actually took place. Whatever the truth may be, the conservative circles were convinced that at night the valuables were dumped out of the windows into boats waiting in the river below.

The presence of the Marines was extremely inconvenient in any case. Instead of a reliable company that the government could turn to in emergencies, the administration had been saddled with an uncertain body of radicals, who might even turn on it in the midst of a crisis. To be rid of them, bag and baggage, would be a great relief. At any rate the Minister of Finance, or rather the bourgeois official in charge of that department, was determined that if he were to be responsible for the safekeeping of the valuables the sailors should not remain in the castle.

With the Independent People's Commissioners upholding the Marines their removal was difficult to attain. But negotiations had advanced on December 16th to the stage where the Division had agreed to vacate the Marstall and reduce its num-

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bers to the original six hundred in return for 80,000 marks back pay. Otto Wels, Commander of the City, was to pay over the money upon evacuation and delivery of the keys. Suspicious of the government's intention, the Division procrastinated until the 23rd, when it sent a delegation to speak to Ebert, the army Commissioner. He persuaded them that everything was bona fide. They returned to their barracks ready to pack up and leave but wavered when Spartacists laughed at their gullibility.

Once more the delegation went to the Chancery but hunted up the extremist Barth, commissioner of social affairs. Barth telephoned Wels, ordering him to turn over the money to the soldiers. Wels refused without Ebert's authorization or the keys. Now thoroughly enraged the Marines marched to the Chancery in force, occupying the building and imprisoning Ebert in his own administrative quarters. Although the troops took charge of the telephone exchange, they knew nothing of a secret line that had been laid for just such an eventuality. Ebert apprised the City Commander Wels of his plight.

The latter hurried over with a body of his soldiers, whom he left outside while he hastened inside to talk with the unruly sailors. An altercation arose outside in which a soldier shot a sailor. The Marines in a rage marched off Wels, a prisoner, to the Marstall. After persuading both soldiers and sailors to leave before further bloodshed might ensue, Ebert phoned Scheuch, undersecretary of war, requesting him to secure Wels' release. To effectuate this, Scheuch ordered troops from Potsdam to the Marstall and Schloss.

On December 23rd the government had at its service only 1,800 to 2,000 men, although on December 8th, according to the story of General von Groener, ten divisions by agreement with the army were quartered in Berlin to stifle the councils. On that day Groener reports that the government had also planned the secret telephone connection which had served so admirably on the 23rd. But the approach of Christmas had stimulated the soldiers to abandon their posts like jobs.

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On the evening of the 23rd a few shots were exchanged between the sailors in the Schloss and Marstall and the beleaguering troops. In the early morning of the 24th General Lequis, an old-line officer, gave the besieged ten minutes to evacuate. A curt refusal followed. Under light artillery bombardment the Castle was soon taken with nine sailors and twenty Spartacists dead.

To take the Marstall, a stronger building, was a more difficult task. While the roar of cannon, which quickly created a furor in the capital, was in progress, immediate efforts were made to end hostilities. The Independents, particularly anxious to reestablish harmony because their own ranks would be split wide over the action, soon negotiated a settlement giving the sailors their back pay in return for their evacuation.

And now Christmas Eve had come. Peace on Earth, Good Will to Men. The soldiers left for family and friends. The ranks thinned like veterans reduced by old age. There simply existed no more army. Christmas was leave enough. Nothing showed more plainly how the spirit of revolution had freed the spirits of German soldiers, the souls of discipline.

One hundred and fifty troops remained to the government. The officials sat in suspense, conscious of their defenselessness against a Spartacist coup. They pondered what to do. Ebert of portly figure, was too composed to let the uncertainty of events cause a futile expenditure of nervous energy. He announced that he was going on a Christmas holiday also, come what might. He calmly weighed the consequences. The Chancery was to be vacated. No one should remain to oppose the radicals if they seized the opportunity to take control. If they did, Ebert decided to set up the legal government in some other place. But should the reds likewise declare a truce, the government would merely pick up its business where it had left off on December 24th.

One must hunt assiduously in the dusty pages of history to find a more curious chapter than this. The five Christmas days

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went by with the bitterest of political enemies celebrating the spirit of peace and good will. The blackest accusations, the slimiest charges, even murderous intent, could not overcome the influence of this greatest German holiday. When Ebert came back on December 29th he might have merely left his office on a week-end. Nothing had been disturbed.

During these restless holidays a great political controversy, which broke out over the assault on the Schloss and Marstall, raged. The action stung the revolutionists to fury. A general had dared to order his soldiers to fire upon the people or upon another contingent. The revolution had pushed the army officers into a background where they had thankfully taken on the protective color and inactivity of their surroundings. Now a general had stepped forth and slain his countrymen.

The Independents loudly denounced the Social Democrats for instigating the "slaughter." Since the Central Council was the organ of last instance, they demanded a disavowal of the action and of the principles of the Majority Socialists. On the 28th the Council had replied to a series of questions virtually approving of the Social Democratic stand unqualifiedly. That body thought Ebert's order to Scheuch to secure Wels' release by force was all right. Bearing in mind that the Independents and Spartacans had abandoned the Central Council to the Social Democrats, we need not be surprised that that body confirmed the Social Democratic action in freeing Wels.

The Independents thereupon on December 28th publicly repudiated all connection with the bloodshed by resigning every office, state and national, in Berlin. Not only the cabinet positions but all subordinate places were vacated. The three Social Democrat People's Commissioners also tendered the Central Council their resignations in a display of public spirit. The Council refused to accept the proffer, thus once more officially expressing confidence in their administration. Three new Social Democrats were appointed to fill the Independent vacancies, but only Noske and Wissel accepted. A new alignment gave Ebert

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the post of interior, Scheidemann foreign affairs, Noske army and marine, Landsberg finances, and Wissel social affairs.

Not only did the Social Democrats occupy the vacated cabinet seats but they filled all the subordinate positions which the Independents resigned also. But one post remained in the power of the Independents. Eichhorn refused to give up his command of the Berlin police. He had secured the place direct from the Workers' and Soldiers' Council in recognition of his exploit on November 9th in persuading the police headquarters to go over to the revolution without resistance. Eichhorn was one of the reddest of the Independents and prior to the overthrow his relations had been with Russia and various left-wing radicals. As chief of the Berlin police he held a strategic position which he had used to foul the Majority Socialist plans. It was alleged that some of his police aided the Marines on December 24th.

The government was determined to control the Berlin police and Eichhorn was just as resolved to cling to his office. The battle for possession was on between the Social Democrats and the Independents with their Spartacus Group. The campaign was initiated on the 29th on the occasion of the burial of the victims of the Marstall assault. Once more the radicals and the moderates organized counter-meetings to explain and denounce each other's policies.

To mollify the revolutionary feeling and to manifest its adherence to the new progress the government had issued a pronunciamiento promising a complete reorganization of the administration. Its first duty would be to stop the terror that certain circles were attempting to create. The preparations for the elections to the National Constituent Assembly on January 19th would be pushed and every step taken to insure peaceful balloting. The cabinet promised special attention to the food shortage. Socialization of the industries where it was possible would be undertaken. The dole to the unemployed would be raised. The army must become a true people's organization. The manifesto closed with an assurance that the German Gov-

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ernment would press the Allies for a quick peace. The country was in suspense for the beginning of negotiations. Vague, disquieting rumors had filtered in from the Allied countries, foreboding impossibly severe terms, conditions that would annihilate Germany.

The Spartacists had let the golden opportunity of December 24th slip through their hands. For a mere entry into possession they could have had the control of the country. And so again on December 29th, when the whole capital was at a fever pitch over the burial of the sailors, the reds repeated their neglect. The mere lifting of their hands, an authoritative gesture, would have assured them of the power. But instead of proceeding to the logical conclusion they called a national convention to meet on December 30th, the following day.

The next day the extreme lefts convened to determine the policy they should pursue. Liebknecht asked the breaking of relations with the other parties, a complete separation of their common group from the Independent Socialist Party, of which till then they had been an integral although nominal part. Agreement was easily reached. The Communist Workers Party of Germany, Spartacus Group, was born. What the more sensible Independents had striven to avoid was now a fact. Their concessions and compromises had been in vain. Had the Independents leaned less toward the secessionists and more to the mother party, the revolution would have had a shorter and sweeter history.

The ultra-lefts now stood alone. Their pace, as often happens, had outdistanced their champion. Liebknecht incomprehensibly urged the convention to take part in the National Assembly election campaign. Here his coadjutor, Rosa Luxemburg, opposed him. She was wildly acclaimed when she said that the revolution had done only half-work and that cold steel must finish the remaining half. The party vetoed Liebknecht by a sixty-two against twenty-three vote. On January 1st the Spartacus convention came to an end after three days of deliberation.

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The government had withstood the menace of December 29th but it had accounts to close with Eichhorn. In an effort to get him out of the way by kicking him upstairs he was offered the superior position of Prussian Minister of Interior, a place he refused. At a meeting on January 3rd he was called to account for his radical views, but he refused to recognize any authority over his doctrines, especially since he had received his post direct from the Workers' Council. He was given till noon January 4th to deliver a written reply. Before that deadline the government sent him his discharge and appointed Ernst to succeed him.

Eichhorn had no intentions of surrendering his position. The Independents and Spartacists backed him in his stand. The Social Democrats met Sunday morning, the 5th, to decide the next step. They adopted the fatuous suggestion of Lieutenant Fischer that Eichhorn would resign if Ernst and he went to the Central Police Headquarters and demanded the office. Armed with credentials and credulity, the two found Eichhorn with a great throng of heated followers. The resignation was not forthcoming.

The radicals had arranged a tremendous demonstration for Sunday and a shoreless sea of heads had assembled in the immediate vicinity of the Reichstag. It was a scene that warmed the cockles of the radicals' hearts. Liebknecht outdid himself and Ledebour was an able second. Toward five in the evening the masses disbanded, weary a-waiting for action. Most of them went home, unwilling, bewildered. A fraction of the crowd marched to the Chancery, which they left undisturbed when they found that the government had learned from Ebert's imprisonment on the 23rd that absence was a safe policy. Another section of the crowd made its way to the *Vorwärts*, the Social Democratic daily, and occupied the plant when eighty of Eichhorn's police on guard made no resistance to the rabble. The *Berliner Tageblatt* and *Lokal Anzeiger* and other newspapers were surrendered just as tamely.

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Early in the morning of January 6th, three hundred of the Marine Division, which had solemnly promised on December 24th, when it was allowed to march honorably out of the Mar-stall with its weapons, to incorporate itself into the republican army and not to engage in political affairs, reoccupied the Royal Stables.

The iron was hot and it was time to strike. That much the radicals saw. Handbills were printed on January 5th and in the early morning of January 6th distributed around the workers' quarters and at the doors of the factories as the men came to work. A general strike was urged and the men—some glad to find an excuse to lay down their labors, others sincerely alarmed at the events—willingly heeded the appeal. The words of the Communist paper, the *Red Flag*, give an excellent picture of the day:

“What Monday witnessed in Berlin was perhaps the greatest proletarian demonstration that History has ever seen. We do not believe that in Russia such an exhibition could have taken place. From Roland to Victoria the proletarians stood head to head. Far into the Tiergarten they stood. They had brought their weapons with them; they let their red banners stream. They were ready to do anything, to give everything, life itself. An army of 200,000 men such as no Ludendorff had ever seen.

“And then occurred the incredible. The masses stood from early at nine in the cold and fog. And somewhere the leaders sat and conferred. The fog lifted and the masses continued to stand. But the leaders conferred. Midday came and with it cold and hunger. And the leaders conferred. The masses were feverish with excitement. Yet no one knew anything. For the leaders conferred. The fog fell again and with it, dusk. Sadly the masses went home; they had wanted big things and nothing was done. For the leaders conferred. In the Royal Stables they conferred, then they went to the police headquarters and continued conferring. Outside in the empty Alexander Square the proletarians stood, clubs in hand, with light and heavy machine guns. And

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inside the leaders conferred. In the station the weapons were prepared; sailors stood on every corner of the corridors, in the antechamber was a confusion of soldiers, sailors, proletarians. And within sat the leaders and conferred. They sat the whole evening and sat the whole night and conferred. They sat the next morning as the gray day broke, some still there, others returned, and conferred. And again the masses marched to the Sieges Allée and still the leaders sat and conferred. They conferred, conferred, conferred.

"No! These masses were not ripe to take over the power, otherwise they would by their own decision have set men at their head. And the first revolutionary deed would have been to make the leaders in the Police Präsidium cease conferring."

The government was facing a desperate crisis again. The situation on January 6th was deadly-serious. The state disposed of practically no troops with which to face the radical excesses. At the outbreak of the revolution all the Berlin regiments had unanimously assured the new government of their whole-hearted support. But the leaders whom the troops had chosen to command them, in accordance with the accepted revolutionary practice, had no control over them. When the soldiers were needed, they did not appear. Eichhorn's Security Guard had been turned into an Independent instrument. The City Commander Wels notified the government that his Republican Soldier Guard could not be counted on. The national authorities were bound hand and foot. The only help they could expect was from their faithful followers. And these now came forward, unasked, with set determination.

Social Democrats of prominence, dissatisfied with the excessive patience of their leaders in the government, took matters into their own hands. Mindful of the frequent raids into the government quarters made by the radicals, Sergeant Major Suppe on the 6th gathered a group of ex-soldiers, cleared the vicinity of the governmental offices and stood guard. Crowds of Majority Socialists, aroused by the increasing boldness and the

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ever more frequent radical outbreaks, appeared before the Chancery to demand arms for themselves. The Spartacists were plentifully supplied with weapons and the Social Democrats in self-protection wanted arms. The government had refrained from a promiscuous distribution of firearms, fearing a general internecine warfare. But now Scheidemann addressed the crowd and in the name of government promised that the very just demands of the crowd would be met. "We will call all able-bodied men and it is a matter of course that we will not put umbrellas in their hands." This never came to pass.

Kuttner, editor of the *Vorwärts*, and Baumeister organized two free companies to support the government in this crisis. But they had to rustle their own arms, for the authorities refused to give them weapons.

It is worth noting as a typical illustration of the German respect for order even during the revolution that when three hundred revolvers demanded that the officer in charge of the guarding detail surrender the War Department building the mob was satisfied when he politely pointed out that the order they bore had only typewritten names. But when they returned with hand-written signatures they were given possession.

Armed conflicts of a local character took place on the 6th but the general situation remained unchanged. The tide, however, was setting in favor of the government. The Marine Division declared itself neutral. The Republican Soldier Guard likewise broke free from the revolt.

The administration too had taken decisive steps to insure its authority. At a meeting in the Chancery on the 6th in which the Central Council took part, dissatisfaction was expressed that the authorities had not sooner curbed Liebknecht and the firebrands. A proposal to call Lieutenant General Hoffmann to check the terror by force was cast out because it was realized that the people would object to an old Kaiser officer commanding the army. Noske urged a speedy decision. Outside, the masses were calling for arms. Scheidemann was promising not to put

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umbrellas in their hands. Someone suggested putting Noske in charge. It would be a task charged with unpopularity and would bring great odium upon its director. Noske was quick in responding as he had been quick in Kiel in acting. "All right," he said, "someone must be the bloodhound. I do not shirk the responsibility."

He started at once, minutes, not hours later. He toured the city for a personal inspection of what was before him. He found the masses around the Siegessäule (Victory Column) as they were described in the excerpt from the *Red Flag* translated above.

The Independents and the new Communist Party recognized how the current was setting. Yesterday the city had been theirs. Today the Majority Socialists stood in dense crowds around the Chancery. Regiments were forming. The regular army was preparing. By the afternoon of the 6th the Independents were already seeking a compromise solution of the differences. Four members of the Central Council, to which the Independents had appealed, came to the Chancery with compromise proposals from that party. The Majority Socialists were, as always, ready for an amicable settlement and an attempt to regain the support of the apostates.

A meeting was arranged and by midnight six Independents, five Social Democrats and five mediators from the Central Council were sitting in conference in the Chancery. The Spartacists and the Independents demanded as a prerequisite for continuation of negotiations that both sides call off their troops and stop the movement of arms and military materials. Now that the pendulum of force had swung to the Majority Socialists, their opponents were anxious to stop its swing. The government was willing enough to strike an armistice but demanded that all the seized buildings be first released. On this issue the first conference broke down.

The most important gage that Spartacus held was the printing plant of the *Vorwärts*. The significance attached to this news-

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paper lay in the fact that it was the national organ of the Social Democrats. From its pages emanated the expositions of the party's policies. Without this newspaper the Majority Socialists were tongue-tied, while the Independents through their daily, the *Freiheit* (Liberty), and the Communists through their *Rote Fahne* (Red Flag) could bring their side of the controversy to the eyes of the public. The offices of the Social Democratic Party, moreover, were in the same building, and when the revolted seized the newspaper all the party records became inaccessible.

We can understand why the Communists did not want to release the *Vorwärts*. Although the first negotiations had shattered, new meetings were arranged. Noske in the meantime was making rapid progress. In conference with the military men it was decided that military units must be formed and trained in the outlying suburbs to keep them clear from contamination with the city's disrupting influences. Dahlem was decided upon as a camp. By three in the afternoon of the same Monday when he had agreed to be the "bloodhound," Noske had arrived in that suburb, taking immediate possession of a girls' school, the pupils of which were just then on vacation. In the same tempo the military preparations were continued. The peaceful little city was transformed into a great army grounds with materials and men constantly arriving.

But even more rapidly than he could prepare his troops came the cabinet's insistent demands for action. Noske, however, refused to build until the foundation was ready. At a conference in Berlin on the 10th he was peremptorily ordered to have his troops ready. He responded affirmatively, although he would have preferred a few days longer training. In the four days he had gathered a presentable force. He had sent for sixteen hundred sailors from Kiel, where the soldiers' council violently opposed the mission on which they entrained for Berlin.

In characteristic fashion Noske commenced the very day he had agreed to employ his men against Spartacus. In the evening

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of the 10th his soldiers marched to Berlin. Before daybreak of January 11th light artillery and mine throwers had been wheeled into position before the *Vorwärts* building, where well-armed Spartacists were on guard, night and day. The attack began at dawn. The engagement was not a sniping affair but a real skirmish. The firing was heavy, the fighting bitter. The losses were so severe that a truce had to be arranged for the removal of the dead and wounded who lay in front of the newspaper office.

By and by the reply from the inside became weaker and the moment came to make a peace move. The reds sent out seven envoys to treat for terms. Instead of respecting the laws of war which they had recognized in the truce to clear away the wounded and dead, the enraged soldiers stood the negotiators against a wall and shot them, including a woman, Frau Steinbrink, who to be sure had been just as active as the men defenders in shooting at the attackers. The treatment accorded these envoys stands out as one of the black spots in the revolution. When resistance had been silenced over three hundred captives were taken. Other prisoners were gravely mistreated, illustrating again that civil conflict is the bitterest of all war.

Noske in Dahlem, uncertain of the outcome of the first action, and fearing that involved street fighting might take place, set himself at the head of three thousand troops and marched for Berlin. It was a cold, rainy day. With bayonets fixed they entered the city from the west, swinging down Potsdamerstrasse, which leads straight into the heart of the city. Instead of the expected hostilities the windows were filled with jubilant people who cheered the restorers of order. Berlin sighed and took a long breath.

But while the crisis had passed there were still a few matters requiring attention. The three thousand with Noske at the head merely made a circle through the business section and returned to their camp in Dahlem. But there were a few more holes to be cleaned out. The following day, January 12th, the Central Police Station was stormed. This was the most important Spartacist

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possession after the *Vorwärts* fell. After artillery preparation the soldiers stormed the place from the subway station.

The revolt except for a few wriggles practically died with this assault. January 13th Noske devoted to more preparations, for the beast must be trampled in his lair. January 14th a grand movement into the industrial quarters of the city, inhabited by the Spartacists, began. After the capture of the *Vorwärts* Eichhorn moved his headquarters out of the Central Police Station to a building in northern Berlin. The Moabit section was occupied on the 14th and during the next days further sections were put under the guard of Noske's formations. The action in Lichtenberg was the most serious. It was the Spartacist center.

Even before Noske had marched his first contingents into the capital the government had taken steps to quench the fire at its source. Orders for the arrest of the leaders were given. On January 9th Ledebour was seized in Berlin. But Liebknecht and Luxemburg got wind of the warrants and disappeared. Rumor had it that they had fled to Switzerland, to Holland. These were false scents laid by their friends to throw the authorities off the track. But on January 15th, in the evening, they were both arrested in Wilmersdorf, a near-by suburb. They were brought to the Eden Hotel, which had been fitted out as headquarters of the army officers in Berlin.

After an examination they were ordered sent to jail. As they emerged under guard from the hotel the soldiers stationed outside the door for the protection of the building struck Liebknecht over the head several times with the butts of their rifles. The original Spartacus was hustled into a waiting auto and driven through the great park, the Tiergarten, where the car stopped. Here he was in all probability brutally murdered, although the soldiers accompanying him declared that he was shot while attempting to escape. The truth undoubtedly was that he was simply done to death by his guards under the pretext that is as old as revolution itself. The subsequent action of the soldiers, moreover, belies their statement. Instead of delivering

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the corpse of the captive to the proper authorities and making a report to their superiors, they took it to the morgue as a body of an unknown. How unlikely the story is that he attempted to flee can be seen when we remember that he had been severely beaten on the head by the rifle-butta of the soldiers as he came out of the Eden Hotel. In such condition any able-bodied soldier could have caught him without using a weapon.

Rosa Luxemburg was treated in the same inhumane manner. As she was led out of the infamous hotel the guards also served her with blows, almost killing her on the spot. Then during the ride she was coolly murdered by a machine-load of men. Her body was weighted and thrown into a canal, where it was discovered after a few days. Only after their deeds were discovered did the soldiers make a report in the line of duty.

The conduct of the trial against the brutes responsible for the murder of the two sincere Communists was as disgraceful as the murders of Liebknecht and Luxemburg and of the seven envoys at the *Vorwärts*. Not only was Germany profoundly stirred by the cold-bloodedness of the dastardly deeds but the whole world took up the sensational passing of the two leaders. Luxemburg had been the brains, Liebknecht the mouthpiece of the extreme left. Both were able but visionary. The workers of Germany, whether Independents or Spartacists or Social Democrats, were horrified and demanded an investigation. The government appointed two men from the Central Council and two from the Berlin Executive Council to sit on the military tribunal, which was to try the charges. But the dilatory tactics and the obvious intention of the army not to coöperate with the civilians soon caused the four to resign. The accused were only arrested after plentiful opportunity had been given them to escape to foreign countries, while the few who were arrested were imprisoned together, giving them excellent opportunity to discuss their plight among themselves and to decide on a common story. The court-martial resulted infamously in acquittal and when Noske, the superior military official, was informed that the prospects for

a second trial would be no better than the first, he confirmed the decision.

The Liebknecht and Luxemburg atrocities took place on January 15th, and for the next ten days or so Berlin was under the military sway of an army of occupation. That the troopers who could murder hostages were not the most gentlemanly guards that a city could have is self-evident. They blockaded the workers' quarters, searching all those who passed their lines for weapons, ordering the inhabitants to be in their homes by seven in the evening and otherwise making life unbearable for the workers. General Maercker, who later took charge of the city, reported to his superior that the soldiers fired their arms without purpose, merely for the pleasure of hearing the reports. At other times they felt imaginary fears that could be best allayed by a show of shooting. It was reported that the officers in the Eden Hotel had a habit of practicing with their machine guns every evening. The capital was under a white reign of terror, only second to the red reign just ended.

With the passing of the two most active leaders of the Communist Party, the arrest of Ledebour, the conquest of the laboring strongholds, there was nothing left to disturb the elections for the National Constituent Assembly, which were held on Sunday, January 19th, with practically no incident.

CHAPTER V

THE WEIMAR ASSEMBLY

NOSKE'S strenuous pacification in Berlin rendered the balloting safe not only in the capital but in the whole country. The polling was quiet except in the industrial Rhine region where Spartacists fired on a parade, killing and wounding thirty.

Believers in German democracy were vindicated by the election. Eighty-seven per cent of the eligible voters went to the polls. Of the 35,000,000 electors, 30,500,000 cast their ballots. With our population approximately double that of Germany only 29,109,899 votes were cast in the Coolidge election of 1924. The war accounted for the fact that two million more German women voted than men.

The 421 delegates elected to the National Assembly were as representative a group as ever assembled for the purpose of shaping a nation's destinies. Thirty-six were women, a rather quick response, considering that women had been given a voice in politics only since November 12th. Every profession and trade was represented among the delegates. There were plumbers, woodworkers, mechanics, metal workers, shoemakers, photographers, lawyers, editors, farmers, doctors, professors. Many had been in the war. It was a truly representative body.

The seats were distributed by parties as follows:

Social Democrats	163
Independent Socialists	22
Democrats	74
Center	89
German People's Party	22
German Nationalists	42
Minor parties	9
Total	<u>421</u>

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The spectacle of Socialists waging war to the knife against each other and the revulsion at the violence of the Spartacists broke the charm of proletarian invincibility. The hope of the Majority Socialists to secure an outright majority instead of thirty-nine per cent was not realized. At the outbreak of the revolution only the workers dared raise their voices; the old governing classes, including the bourgeoisie, withdrew timidly into the shadows and silence. The loss of prestige occasioned by the split had catastrophal results. The opposition took heart. The bourgeoisie made a very rapid recovery in the short time from November to January. The advocacy and adoption by the Social Democrats of proportional representation contributed to their own defeat.

The overthrow of the monarchy had scrapped all existing political parties, for all but the Socialists were founded upon an acceptance of dynastic sovereignty. Even the Socialists no longer waged active opposition against the kingship. Now, however, all parties were confronted with the necessity of framing their political platforms out of new lumber. To show the break with the past every party except the Social Democrats and its splinter-party, the Independents, changed its name. The doctrines of the two Socialist parties and the Communists are already familiar to us.

The most liberal party after the left bodies was the Democratic Party. In the midst of the turmoil of November 9th, Schacht, now President of the Reichsbank, was struck with the necessity of immediate liberal consolidation if the country was not to be undisputedly Socialist. On the 16th he and a group of friends issued a founders' call for a democratic party. Early in December the platform was announced. A reconstruction of economic life on democratic and republican ideas was a basic plank. Although they would have been satisfied with a constitutional monarchy on the English plan, they espoused a republic. The commercial and rentier classes of bourgeois liberals with a leaning to the Jewish elements found the party most to their tastes.

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The Center Party which arose to champion Catholic ideals from Kaiserdom changed its name to the Christian Democratic Party in deference to the new liberalism and in invitation to non-Catholics. The Catholic party approved the republic without placing great emphasis upon the form of government. Its *raison d'être* being to support the interests of catholicism, it had no prejudices as to the type of government in which it was to defend those responsibilities. The Center Party, however, recognized the necessity of a democratic constitution and worked throughout the Weimar sittings to that end and has usually been a firm supporter of progressive action ever since. A few days after the convening of the National Assembly the old name, Center Party, was resumed.

True to its name the Center Party occupied the middle between Social Democrats and German People's Party, trending right from left. The latter party, sometimes called Populist but more usually the People's Party, is the mildest of the conservatives. Its adherents paid instinctive homage to a king but as realists they omitted any mention of a monarch in their platform. Stresemann, an annexationist during the war, was the father of the organization. The evolution and progress he and his fellows have made since the upheaval is witnessed by his stanch advocacy of Locarno and the League of Nations. The People's platform appeared on December 15th. The industrial and financial interests stood behind the party.

The German National People's Party (German Nationalists for short) is the extreme right party, the die-hards. Its call was issued on November 24th. It declared for private property and non-socialization. The most significant portion of the platform was its ambiguous declaration on the kaiser question. It "appreciated the changed circumstances." In fact, the members of this party remained unshakable monarchists. They have become the scolds of the republic, belittling every republican success and magnifying all difficulties. They are the ultrareactionaries.

The principle of parliamentary responsibility was now ac-

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cepted all around, since even the Nationalists "appreciated the changed circumstances"—accepted by all but the Communists who stood adamantly for the dictatorship of the proletariat. They, however, had declined to participate in the elections.

No time was lost in getting the peril-fraught assembly under way. On the day following the election, Ebert convoked the National Assembly for Weimar on February 6th. The experiences with the interrupting mobs in the Congress of All German Councils had shown that a great city was unfitted for undisturbed deliberation. Even before the resignation of the Independents the Majority Socialists had considered the advisability of removing the seat of government. In times of comparative rest mass delegations incessantly took up the attentions of the administrators. The military advantages of Weimar decided the location of the constituent congress.

The National Constituent Assembly was opened by Ebert, who stressed the points that Germany was a free country with the will to remain free, and that the present government was not responsible for the old militarism. He demanded that the treaty of peace be based upon Wilson's fourteen points, on which Germany had founded her armistice request. The foreign situation was in every mind and it inevitably assumed an important rôle in the opening speech of the convention.

On the following day Ebert, who during the two months of interim government had won recognition from all impartial observers, was elected President of Germany by 277 of the 326 votes cast. The important preliminary task of adopting a temporary constitution to govern the nation until the permanent labors of the conventions should be completed was finished on February 10th. The nation was to be administered by a President, a Ministry and a Staatenausschuss (Committee of the States). The cabinet was accorded the right of meeting the emergencies of administration by decrees without consulting the Committee of the States.

Among the significant events of the first few days' sittings

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of the Weimar Assembly was the Central Council's action on February 11th. The Central Council as the executive body of all German Councils had been functioning as the supreme organ of the nation. It officially had the supervision and control of every other body and even the Council of People's Commissioners had to recognize its authority. But since the Congress of All German Councils during its December meeting in Berlin had formally expressed itself in favor of the National Assembly its brevet had now expired. Therefore on February 11th it formally deposited its power in the hands of the new supreme body, the National Assembly of Weimar.

This was the formal renunciation of the council system by its highest organ. To the extreme lefts this was only a signal to attempt a revival. The Independents and Spartacists sponsored the Executive Council of the Berlin Workers' and Soldiers' Council to be the new champion of the council idea. While it endeavored to blow new life into the dead hulk, its efforts were in vain: the council system did not come back to life.

Ebert as the head of the state appointed Scheidemann, his party comrade and chief, to be chancellor. This appointment was in order, since the Social Democrats with their one hundred and sixty-three delegates were by far the strongest party in the convention. Scheidemann, his negotiations with the other parties quickly finished, was soon able to lay the cabinet list before the assembly for its approval. The Social Democrats and the Democratic Party together had a majority of the seats, but in order to give the deliberations a wider foundation the Center Party was included in the governmental coalition. Five seats in the cabinet went to the Social Democrats, three to the Democrats, three to the Center, while two ministers had no party affiliations.

The chief work of the assembly, of course, was to draw up the document that was to regulate the future government of Germany. On March 4th, after the preliminary work was out of the way, a constitutional committee was appointed. Twenty-



Courtesy of German Tourist Information Office

Friedrich Ebert, the First President

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eight members composed this all-important committee. The various parties were represented approximately in proportion to their strength in the convention. Thus the Social Democrats were given eleven places on the committee, the Center six, the Democrats five, the German Nationalists three, the German People's Party two, and the Independents one.

Dr. Preuss, professor of political science in the Charlottenburger Hochschule, had prepared a draft constitution at the request of the Council of People's Commissioners to submit to a meeting of the Committee of the States on January 25th. This draft, modified, had been presented by Scheidemann to the National Assembly, which referred it to the constitutional committee. This body held forty-two sessions and gave its first report to the general assembly on June 18th. Floor discussions in the convention resulted in minor modifications. The document passed its third reading on July 31st by a vote of 262 against 75. The governmental parties, Social Democrats, Center, and Democrats, the so-called Weimar coalition, supported the measure, while the German Nationalists, the German People's Party, and the Independent Socialist Party opposed. On August 11th President Ebert signed the constitution and on August 14th it was published. There was no reference to the nation. Ebert was sworn in on August 21st as President of the Republic, elected by the Assembly and not by the people as the constitution provided. The National Assembly then dissolved but continued without new elections as the first republican parliament.

Throughout the entire assembly Germany was in the greatest unrest. Political feeling was so unreconciled that only armed repression kept the semblance of order. The duty of quelling too ardent dissatisfaction fell upon Noske and his newly created army. When Noske agreed to become "the bloodhound" he appreciated the profound distrust, even hate that all German workingmen felt for the army. One of the first spontaneous acts of the revolution was to level authority and replace it with soldiers' councils. The very first day of the overthrow witnessed

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the mobbing and mistreatment of officers who appeared in their uniforms. The employment of the old officers caused the most bitter resentment. There was no denying the criticism that the old militaristic system was being reintroduced. Military ruthlessness, army discipline, old-line officers were reëstablishing themselves. The Independents and Communists, determined opponents of old-army methods and men, rallied thousands of sincere people around their banner in their fight upon any reappearance of militarism. The opposition never tired of pointing out that Ebert *et al.* were allies of the Kaiser, reactionaries and counter-revolutionists because they employed imperial officers.

Noske's dilemma was to reinstate the old commissioned men or take a long time building up a new army and probably lose to the radicals in the interval. The industrial unemployment offered him an abundance of privates to select from. But officers were of one breed only. He chose the lesser evil by inviting the officers to command. With the frequent demands upon their abilities in putting down revolts the officers became very important adjuncts of the government, a fact which they quickly realized.

Noske only emphasized but did not initiate an issue which was already joined in the public mind. The contest for control of the army between the civilian and the military forces dated back to the very first days of the revolution. The impossibility of orderly demobilizing the millions of men and of carrying out the superhuman conditions of the armistice, if authority were divided between the officers and the unwieldy and inexperienced soldier-councils, occasioned the telegram of November 12th authorizing Hindenburg to disregard the councils, which were thrown the sop of supervision in furlough, discipline and care. This telegram and the authorization for the officers in the field to retain their insignia of rank caused much bitterness in left circles.

The administration was blocked at every turn. The councils interfered with the recruiting. They threatened to withhold ma-

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terials and supplies in depots under their command. But Noske found means to effectuate his will, although many times the only effective method was to withhold money. But the old procedure of using persuasion here, coercion there and withholding money yonder, was too slow for good administration. Something had to be done, something radical. Less than two weeks after he took over the army affairs Noske, with the consent of the Central Council, issued a decree giving the Minister of War full control of the army. Not only the soldiers' councils in the field but all such councils were now deprived of authority. The councils raised a storm of protest. They continued to live on, but with such restricted power that the army need no longer concern itself with them. While the councils fumed over the derogation of their power, the officers were almost as unhappy as they, for the decree did not give them the right to wear epaulets except on the field of duty. The officers wanted the appearance as well as the fact of power.

Everywhere the councils met to draw up resolutions against the government. Some decided that all energy must now be devoted to overthrowing the administration. Others decided that stores should be withheld from the officers. None of them thought of recognizing the decree. The old officer-slavery had been reintroduced, they said. It was decided to form a National Army Council which was to be fitted out with rights equal to army corps authorities. All military orders before becoming valid were to be countersigned by this body. Despite the furor the unswerving determination of the government and Noske conquered all obstacles. One by one the councils surrendered.

With each measure and action taken to restore order to the restless nation, Noske's popularity sank lower. There were to be sure grievances enough for the working people to complain about. The state of siege restricting civil liberties had been reimposed. The army was once more cock of the walk. But there was no help for it. The army was indispensable.

While the elections to the constituent congress were closely

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preceded by the most critical disorders in Berlin, the deliberations of that assembly were under the constant strain of foreign interference and domestic disturbance. The events in Berlin had been like a stone thrown into a mill-pond sending out a succession of ripples. All Germany became agitated. The radicals seized the administration in Bremen on January 10th without opposition, but three days later voluntarily invited other groups into the government when the failure in Berlin became known. Neither this magnanimity nor the noninterference with the elections to the National Assembly contented Berlin, where the authorities had determined to close reckoning with radical excesses. On January 29th Noske troops camped in front of the city to await the answer to their ultimatum demanding disarmament, surrender of weapons, installation of a government on the basis of the January 19th elections. Negotiations failed to bring agreement and on February 4th the troops fought their way to the central square of Bremen at an expense of 75 dead and 175 wounded.

The Bremen incidents were tame compared to the events in the industrial districts along the Rhine. Early in the revolution the men had seized the coal mines. Later they demanded vehemently the socialization of the pits. In many industrial cities excesses followed the Berlin revolts. So uncertain was the atmosphere and so important the production of coal that on January 18th the Federal Government appointed a coal commissioner to care for the national interests.

The virtual dissolution of soldiers' councils by the January 19th decree fanned the glowing embers into a fierce blaze. Finally on February 14th the District Workers' and Soldiers' Council at Essen ordered a general strike until the decree should be abolished. Disorders broke out at once. The workers established a Council of Nine, composed of three delegates each from the Social Democrats, the Independents and the Spartacists, to direct the strike. The central government sent in troops which were resisted ineffectively by the strikers. The overtures from

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Berlin looking toward a peaceful settlement were disdained as unacceptable. The withdrawal of support by the Social Democrats on February 19th brought the revolt to its deathbed.

But events in other parts of the country had taught the workers that the army was not to be trifled with. They realized the necessity of reaching an understanding. The terms, however, which included the surrender of war materials, such as cannon that they professed not to possess, were therefore impossible of fulfillment. The army thereupon remorselessly occupied one city after another, imprisoning hundreds of rebels.

The central German industrial region responded to the hatred of the government and its measures in Bremen and on the Rhine by ordering a general strike on February 24th. Industrial paralysis struck the center of the country. The trains which had to traverse this region to reach southern Germany were totally suspended. A few slow trains were kept going by the government. The only way the Weimar Assembly could keep contact with Berlin was by a roundabout route through Dresden. The strikers were ready for extremes, even forming dynamite columns to blow up railroad tracks. The cabinet was so worried that on March 1st it issued a long manifesto appealing to the country "not to endanger the work of the National Assembly." Troops, of course, were sent as soon as they could be transported to the scene of trouble. General Maercker marched his soldiers into Halle, Merseburg and Zeitz, the strongholds of the extremists, and bloodshed occurred in all the cities. But the army was irresistible here as everywhere. Order was reestablished. The first regular train left Halle for Berlin on March 2nd. On March 4th middle Germany made its terms with the army. Work was not completely resumed until March 6th and 7th.

The crushing reverses in Berlin early in January had subdued the spirits of the radicals in the capital. They were too exhausted to start sweeping action immediately. But the question of calling a general strike stirred the drooping spirits to enthusiasm, and after various efforts to precipitate such a movement a strike

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was called on March 3rd. All parties stood behind the declaration. Commercial life came to a standstill. Even newspapers were not printed after the army destroyed the plant of the Communist *Red Flag*. The book printers who had been putting out the Social Democratic *Vorwärts* refused to continue printing that sheet because it was unfair to permit only one side of the controversy a place in the public mind.

Riots of a serious nature occurred. The Central Police Station in the Alexander Square seemed to act as a magnet for the radicals. Mobs collected on March 3rd. They took to plundering shops. On the 4th officers were manhandled. The crowds were menacing. The police resorted to machine guns, with the result that four men and two women were killed.

The Marine Division, as changeable and uncertain as the weather, again fortified itself in the Marstall, where it lent more than moral encouragement to the populace. But on the 8th Noske's troops put them to rout and dissolved that troublesome division forever.

The strike, which had been guided by a tripartite directory of Social Democrats, Independents and Communists, had been divided in its action like the People's Commissioners before December 24th. The Majority Socialists, seizing a first pretext when the others declared in favor of cutting off all water, gas and electricity on March 6th, abandoned all connection with measures so dangerous to the inhabitants of the city. The strike promptly flagged and on the 8th was at an end. The army then cleaned out rebellious workers' quarters in a sweeping campaign under martial law which was completed by the 13th.

Unfortunately another horrid episode in the pacification blackened the character of the army. The Marine Division had been ordered dissolved and word was passed around that back pay could be had at the police headquarters on the 11th. One hundred and fifty sailors were enticed to the Alexander Square. Lieutenant Marloh, unequal to his instructions to court-martial and execute all who appeared, picked out the twenty-nine best

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dressed sailors on, the theory that good clothes proved plundering. These were shot down in the patio of the building.

During April Munich experienced the excitement typical of Berlin. Eisner, who had been made supreme by an active minority on November 8th, finally called elections to a Bavarian assembly on January 12th, in which he himself only received three delegates. Faced with public nonsupport but yet not ready to approve pure dictatorship, he procrastinated in summoning the assembly elected on the 12th. At last he fixed February 21st as meeting-day. As he entered the door of the parliament on that morning he was assassinated by a young student of noble ancestry. In revenge for this brutality opposing hot-heads shot up the meeting a few hours later, killing one delegate and wounding two others.

This outlawry frightened the landtag out of the city to Bamberg, leaving Munich to its own devices. There a coalition took over the administration of the state. A Communist coup d'état in neighboring Hungary on March 21st incited a similar action in Munich, where on the night of April 6th to 7th the radicals easily seized power. A Central Council with an administrative body of twelve People's Commissioners was formed, only to be ousted on April 12th by the republican guard. By the evening of the 13th, however, mastery was once more in the hands of the extremists.

Berlin watched this shifting drama with anxiety, finally sending troops to restore order. While the army was under way General von Oven with a volunteer corps he had recruited under a national brevet began the task of driving the reds out of power. He had practically completed this labor on May 1st when the national troops marched into the city. The incoming soldiers added another atrocity to the long list which already shamed them. Twenty-one young Catholics assembled in a club meeting were mistaken for a gathering of Communists and summarily lined up to a wall and executed. The fighting smoldered a week after the occupation had been completed.

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Brunswick sang a brief discord in sympathetic vibration to Munich. The Republic of Brunswick formed at the very outset of the revolution had a deep red cast. Eichhorn, the deposed Police Chief of Berlin, found asylum in the city. The men in control called a general strike on April 9th but found that the bourgeoisie countered with a similar action. Shops closed; doctors refused to work. Matters became uncomfortable. General Maercker advanced upon the city but refused to be intimidated by threats of shooting hostages. Radical defense melted before his firmness, and on the 17th his troops were fêted with flowers as they marched into the city.

Minor incidents occurred in Magdeburg, where Landsberg, National Minister of Justice, was kidnaped by extremists. The army chastised the unruly elements in that city for the audacity. The Rhine industrial district also became restless again and struck for a six-hour day. But the speedy action of the ever more powerful government stifled all potential disturbances without recourse to armed action. Berlin too witnessed a great strike during April when the industries were shut down. But Noske had matters in hand. It was only a strike and not incipient rebellion.

This intermittent series of revolts, riots and strikes profoundly affected the National Assembly in Weimar, which worked over the mouth of a rumbling volcano. These acts were constantly being impressed upon the minds of the members. There was no tranquillity in their constitutional deliberations. The Assembly was even forced to pass laws to appease sullen extremists.

The disorders that faced the nation plainly indicated the depths which the councils had plumbed. The workers rightly feared that the successive measures were steps by which all councils were to be eased into oblivion. Their protest was voiced in angry tones of revolt and riot. Although on February 11th at Weimar the Central Council had ceremoniously laid to rest the whole life and authority of the council system, the idea

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lived on. There was something elemental, direct, about the institution that appealed to the laboring man. It seemed to correct his inferior position. The burial of February 11th was declared premature. The remains of the council idea were exhumed. A Second Congress of All German Councils was convened on April 8th when a general strike was once more voted to begin on April 11th. The national character of the meeting scared the Weimar Assembly into introducing and passing measures conceding workers new rights in the hiring, discharging and promoting of employees in all except managerial positions. The government was uneasy and wary but the council system had been throttled. The Second Congress only recorded its dying gasps.

But the convulsive writhing of the moribund idea frightened the Constituent Assembly into a compromise on the council system which still stands, a submerged hulk, in the engulfing waters of the constitution. A great National Economic Council, the top organization of branching local and state councils, was written into the constitution.

The time of coördinated, serious outbreaks was over and gave way to isolated outrages that were of small consequence to national affairs. Leipzig, where a radical group had gained control, was cleared by the army in early May. Dresden also felt the weight of organized military after the Saxon Minister of War had been lynched. Hamburg too found in June the vanity of opposing the strength of Noske's troops.

In addition to the long series of internal difficulties which the National Assembly faced came the armistice renewal of February 16, 1919. The armistice had been fixed for a thirty-day period, after which it was to be renewed for a like time. It was rumored with insistency in Germany that the Allies at Treves, where the negotiations were being conducted, had demanded conditions far beyond the original terms. The governmental parties after a discussion in their party conferences were ready to end negotiations, but through the skillful intervention of those who knew that the nation would be even worse off if a

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break came with the Allies the matter was patched up by agreeing that Germany should present counter demands. One was that Poland as well as Germany must withdraw beyond a marked zone in the disputed territory. The other compromise suggestion was that Germany was now entitled to enter peace negotiations. Fortunately before anything was done a report from Treves announced that the rumors were false. But such things kept the government in continual excitement.

Hindenburg had given his heart and hand to the old monarchy. By family tradition and long years of service he was the Kaiser's man. His sympathies were not with the new form of government. On May 2, 1919, as soon as he felt justified in withdrawing, he notified Berlin of his wish to retire to private life when peace with the Allies was signed. The fight for the acceptance of the Treaty of Versailles distracted and broke up the government. Disillusionment at the lack of liberality of the Allies made the path of the government hard. There was always something.

The Germans had changed their form of government and ended the war confidently expecting that the former enemies would welcome them to their bosom. In Kiel, when the English sailors landed with visiting English officers, the German marines were quite taken aback by the coldness. Eisner had expected favorable terms. And so the ordinary person looked forward to breaking down the barriers that separated the opposing peoples. A general strike was declared which it was hoped and believed the Allied workers would join. It was a sad rebuff when the true reception abroad became known. While the government and the constituent congress had to face series after series of constantly developing crises the insufficient food supplies and literal starvation, the ever present fear of a Russian invasion, the unsettled Polish and Baltic situation made an unending, agitated nightmare. The Weimar Assembly had more than its share of both internal and external difficulties to surmount.

CHAPTER VI

THE GERMAN CONSTITUTION

UNITY

THE Constitution that the National Assembly gave to the republic was naturally and inevitably federal in form. But from the constitution of January 31, 1871, which was in outward appearance a treaty between twenty-six independent German states rather than a document of organic union, tremendous forward strides were registered at Weimar. Although Bismarck had posited his German national idea upon the indispensability of the dynasties, the Weimar fathers essayed and achieved with the ruling lines eliminated a far closer unity than he had attained. The accomplishment of the 1919 constituent assembly, however, cannot by any means be ascribed only or chiefly to the aims and determinations of the drafters. Germany had been growing into a more compact unit for a century.

The German nation as a unity dates its existence from 1871 and the successful close of the Franco-Prussian War, which removed the obstacle the French had imperiously thrust in the path of union. The nationalistic spirit that the Napoleonic conquests had aroused throughout Europe had given the impulse. Napoleon himself had been instrumental—bringing about the greatest reform by a decree in 1803 of the executive council of the Diet, called the Imperial Deputation, which abolished some two hundred petty German states. The striving towards national unity went forward under the customs union through which Prussia later brought the northern states together into a political organization, the North German Bund of 1867, and finally all

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the German states into a national union under the constitution of January 31, 1871.

Although a German nation had at last come into existence, national unity had by no means accompanied the union. The constitution was formally a treaty between sovereign states. The dominant organ in the national legislation and administration was not the popular branch, the Reichstag, but the Bundesrat, composed of delegates from the sovereign states. While to the general public as late as the World War, the German Empire of 1871 was a federation formed by the compact of state princes, in fact the undercurrent of nationalism had forced upon the dynasties a constitution that had for several decades before the revolution been recognized by German jurists as creating a federal state. Germany was not the Staatenbund of popular notion but a Bundesstaat. The dynasties mistook the motion of the current they were drifting upon for their own locomotion and proudly flaunted their banners of particularism, once more blinded to the groping giant of continued national growth. The Emperor, too, made a brave show of his "divine right" and other assumptions of personal sovereignty where in fact he was only the bearer of a suzerainty which belonged to the German nation. The jealousy of dynasties was not sunk in the common furtherance of a greater Germany. State particularism remained, manifesting itself most strongly in the southern, Catholic states, Bavaria especially.

While a closely knit nation did not at once ensue, the years between the close of the Franco-Prussian War and the opening of the Great War did give the citizens of the twenty-six states an opportunity to think of themselves as Germans and not only as Bavarians or Prussians or Saxons. The outstanding fact was that a German nation, which guarded over the interests of all the individual Germans, did exist. The separate states may have been tight-fisted with the rights they gave to the new central power and may have jealously refused the nation a step beyond the inky confines of the constitution, but the great surge toward

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firmer union already more than a half-century old was not exhausted and would yet carry off the constitution bodily. It is, however, not completed today either. But the often observed tendency of federations to become unions was under way.

The unitarian movement was actively at work, and when the war broke out there was no question of an alliance of German states waging war but a united nation making common front against its common enemy. The Allies indeed did attempt to foster dissension by distinguishing between brutal Prussians and gentle Germans but they were engaged in political maneuvers. The Great War was a national war. It only hastened a pace already brisk. Just as the war evidenced a more united Germany, so the revolution gave the same testimony. When the Emperor left, all monarchs followed suit. The revolution could not be confined to one state; it ran from coast to mountains with utter disregard for boundaries. What now affected any part of the nation touched every other part. If Bolshevism was a threat anywhere it loomed at once before every state. Events now inevitably assumed a national scope.

Germany was not, however, suddenly transformed into a firm unit by the touchstone of war. The separatistic tendencies remained—a little short of breath but still vociferous. The dynasties were gone but the states, although themselves convinced of the absolute need of union, stayed on. The Staatenkonferenz in Berlin on November 25, 1918, squarely affirmed close union, but the very meeting asseverating that principle was itself a convention of states. The very central authorities appealed to the individual states to come out for unity. In further recognition of its need of the states the Council of People's Commissioners, which would rather have ignored the states than depend on them, called a second meeting of the states in the office of the Ministry of the Interior on January 25, 1919, where a "staatenausschuss" or committee of states, a sort of provisional upper house, was formed.

The new constitution gave clear expression to the unitary

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growth. State rights were whittled down. The central government got some power that the states had exercised. It got the generally recognized national powers. Certain fields of governmental administration are today everywhere conceded to a federal government. The army is in most countries a purely national institution. The postal department is generally acknowledged to be national in scope. The conduct of foreign affairs is quite exclusively a national monopoly. In Germany, however, there had never been a national minister of war, only a Prussian minister who had acted for all the states. Bavaria, Württemberg and other states gave their troops state flags and other distinct insignia. There was henceforth to be only a German army. The post, which had been national except that Bavaria and Württemberg had autonomous post offices and differently colored post boxes,, now was given to the nation unconditionally. Bavaria and Saxony, which had maintained special representatives at St. Petersburg and Vienna, were now forbidden this right: foreign affairs were to be solely a national province. The German republic gave itself at Weimar its own financial organization which could collect customs and national taxes where hitherto the state tax administrations had gathered in the taxes and paid over to Berlin the national portion. Twenty-five states had owned the railway lines of Germany. Prussia controlled sixty per cent. The eight large owners were Prussia, Hesse, Bavaria, Saxony, Württemberg, Baden, Mecklenburg and Oldenburg. This confusion of control was to end. The national government was authorized by the constitution to take over all rail and water transportation.

It was fitting that the central government should have complete charge of these activities. It was just as fitting that provision should be made for all states to have a republican form of government. Equally apropos was the clause that made citizenship a national affair and gave every citizen the rights in every state that a citizen thereof enjoyed. A nation could scarcely exist without the provision that national laws super-

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sede state laws. Where formerly each monarch delegated his personal representative to the Bundesrat, under the republic a state delegate must be a member of the state cabinet. In effect, this meant that a party man would go to Berlin where he would be influenced by his state party, further weakening the state as a unique identity.

The crowning debasement of state independence came in the powers conferred upon the federal government to supervise the states. When a federal law is passed the nation can issue instructions as to how the states shall execute that law, and if the execution is not carried out to suit Berlin, the central administration may reprimand the states, demanding a correction of any laxity. If the central authorities deem it fit they may even send a commission to a state to investigate. And finally, if the state is recalcitrant, the national army may be sent to enforce the federal authority. A clearer subordination of the states and a plainer demonstration of the strength of national unity could not have been made.

So, while the 1919 constitution harking back to the 1871 document indicates a federation, the 1919 charter has measurably strengthened the national ties and weakened state autonomy. The cell walls of the individual state organisms were not, however, dissolved and the plasm run into a single unit. The states, although restricted, still had a healthy activity.

The Weimar constitution makers were not content with the heightened unity achieved but sought to attain a complete weld. Preuss, the framer of the constitutional draft, had a sensational method of reaching this end. The revolution broke the old mold. He proposed to cast the material into a new form. He argued that the size of Prussia and its predominant position made the other states chary of their rights and privileges. He therefore proposed to dismember Prussia and divide the whole country into more or less equal divisions based upon the old order of tribes. His proposal was, however, too radical for his hosts. The states, especially the southern states, opposed the

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plan. The particularistic idea was still too strong. Perhaps another century will have carried the unitarian current far enough to wipe away even divisional monuments. For the present, however, the states although enfeebled were continued as entities.

There was enough jealousy of powerful Prussia, however, to carry through a clause which specified that no state should have more than two-fifths of all the votes in the National Council. Prussia, which should have about two-thirds of the delegates, is very effectively hobbled. The fetters were drawn even tighter by the provision that one-half of the Prussian representatives must be chosen in the provinces and not in Berlin. By that means it was hoped, and actually achieved, that the Prussian group instead of being a bloc would be sprung into opposing cliques.

Despite the injury which the Assembly had inflicted upon Prussia's strength in the Reichsrat, that state, which represents some 40,000,000 of the 62,000,000 Germans, repeatedly expressed its willingness to submerge itself in a common national pool if the other German states would follow. The Prussian government in December, 1919, made a written proposal to that effect before adopting its new republican constitution but found only opposition to its magnanimous gesture.

The Preuss plan, originally conceived as a radical unification, became in reality a refuge of states' rights, for the states rallied round his banner long enough to scotch the Prussian dragon. The particularistic program had little enough success in the constitution, although it was able to defeat the extreme centralization. Even in the compromise which followed upon Preuss's proposal the tendency toward unity came clearly to the front, so much so that the nation may, indeed, at any time proceed to the dissolution which he wished to make forthwith.

The constitution does, in fact, provide that voluntary and involuntary changes of territory within the nation may take place. The possible changes are the separation of a part of one state into a state by itself, the union of two separate states, or the separation of a part of one state to be joined to another state

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or part of a state. In the first case one state alone would be concerned; in the other two cases, two or more states would be involved. Where a change is voluntary an ordinary law of the Reichstag will suffice; where one or more involved states resist, a constitutional amendment is necessary. But if the national interests would be furthered by a territorial modification, and the unit to be affected desires a change, an ordinary law is sufficient, even though one or more states are unwilling.

While the constitution quite obviously extended national unity, the National Assembly could not agree upon the final extent of the union. The federalists and unitarians could not come to a clear-cut decision. As a result the question was handled ambiguously. Instead of states we find that the old divisions are termed "länder," a hitherto unused term. In the same vein the constitution opens with the statement that "sovereignty emanates from the people," leaving clouded whether the states had assembled and surrendered some of their supreme powers or whether the Germans as a nation had formulated the charter. The issue is not settled now. In fact, it is one of Germany's vital problems which frequently agitates the nation. Especially during the early post-war period, when Germany was being nipped in the heels by the Allies, did Bavaria cause serious trouble by her insistence on state-rights of which it had already been deprived by the Weimar constitution. Since those troubled days conferences of the states meeting in Berlin with the cabinet have been instituted in the endeavor to pave the way for a satisfactory solution of the degree of unitarian government. These extra legal conferences may develop in importance. The probable outcome, however, is foreshadowed in the formation of "The Association for the Renovation of the Reich" in December, 1927, by business and industrial interests to urge ever wider national control. Economic conditions demand it. Form will follow facts. In the meanwhile, the truest picture of German political union will describe it as a federal state in form but a unitarian state in fact.

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THE STATES AND THE REICHSRAT (NATIONAL COUNCIL)

Since the republican constitution is federal in form, it is inevitable that the legislative department of the nation should be of the dual-chamber type: one the popular, the other the federal. The states are represented in the Reichsrat or National Council in the proportion of one vote for every 700,000 inhabitants with the provisos that every state have at least one vote and no state have more than two-fifths of all the votes. By this device Prussia receives only one vote for each 1,412,000 of her inhabitants. On April 28, 1921, the number of delegates was set at sixty-six with Prussia receiving twenty-six, Bavaria ten, Saxony seven, Württemberg four, Baden three, Thuringia, Hesse, Hamburg two each, and the other small states one each. The constitution permits a state to send a delegate for each vote but one delegate may cast all of a state's votes. The delegates to the Reichsrat, however, must be members of the state cabinet. The Council in contrast to the Reichstag never dies. Its composition merely changes as the state cabinets send different delegates. A member of the Reichsrat is paid not by the federal but by the state government. The Reichsrat itself reapportions the number of delegates composing its body after each census.

Provision was made in Article 61 for Austria to have a deliberative voice in the National Council until she should become part of Germany. This provision, however, was immediately protested by the Allies as being in violation of the Peace Treaty's bar on Austrian union to Germany, and as a consequence of negotiations a protocol was signed on September 22, 1919, recognizing that clauses of the constitution not in harmony with the Versailles Treaty cannot be executed.

The division of competence between the states and the nation is broadly contained in the rule: state matters to the state, national to the nation. More specifically the central authority has exclusive jurisdiction in foreign relations, defense, coinage, post and telegraph. State and nation exercise concurrent jurisdiction

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over civil and criminal law, judicial procedure, poor relief, the press, social insurance, expropriation, commerce in foodstuffs, general insurance, theaters and cinemas. The nation has a curious right of promulgating normative rules, which the states must then follow in dealing with religious associations, education, land laws and the disposal of the dead. The states have the residual power; they can also exercise a right until the nation avails itself of its authority. But a consideration of Article 9 which insures the nation the right to legislate on matters of public order and safety leads one to wonder whether the federal government does not possess complete, untrammelled power, since all governmental matters can eventually be brought under that heading.

The constitution has defined the respective spheres of states and nation and in addition has given the state a direct voice in the conduct of national affairs through the Reichsrat. This body convenes in Berlin whenever the national cabinet convokes it. The Reichsrat can convene itself, however, upon a request of one-third of its members, for the National Council is a separate entity with wide powers of its own. Contact between the Reichsrat and the Reichstag has been established in various ways, notably through the national cabinet, one of whose members is chairman of the Council. Provision also has been made for the Reichsrat to demand the presence of cabinet ministers and to receive reports on governmental business from the national departments, thereby making the body a great power in the national administration.

In its capacity of the second legislative chamber the Reichsrat is given the power to protest against any law of the popular branch. All projects of law which the cabinet proposes to the Reichstag must be presented to the Reichsrat, so that that chamber has a consultative power. It is the right to protest a law of the Reichstag, however, that gives the Reichsrat the power which it enjoys. Quite unforeseen by the constitution framers, it is the strength of the Rat, the council. The constitu-

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tion provides that after the National Council superimposes its veto upon a parliamentary bill the Reichstag can override the suspensive veto by a two-thirds majority. Such reënactment of a provisionally vetoed law is, however, very difficult in the multi-party system of German politics, so that when the Reichsrat interposes its bar, the Reichstag is usually checked. The National Council has adventitiously, without striving, become a mighty organ. Its power will probably continue into the far future, since there is no sign that German parties will consolidate or harmonize sufficiently to brush aside the Reichsrat with a two-thirds repassage of a bill.

In keeping with the principle that the Reichsrat is the organ of the states, it is enacted in the constitution that no decree affecting the states may be published unless authorized by the National Council. But instead of having supervision over state administration of national laws as in the Empire, the Council is kept informed by the national departments of the conduct of national business.

The National Council is a nondescript. It is not a true upper house, to which delegates are elected from a certain class or character. The demand after the war was for a strong, lower house and a weak upper house to replace the strong Bundesrat of the Empire. But as a concession to the states certain powers had to be delegated to a chamber primarily representing the states. True to its character of an inferior organ, its business is carried on practically without debates and with little loss of time.

THE REICHSTAG (PARLIAMENT)

The popular chamber of the legislature, the Reichstag, had come into its full expression in the last days of the empire under Prince Max. The chief distinction of the old Reichstag was the fact that the cabinet was not as in other countries responsible to it. The constitution of 1871, however, gave the budget and loan rights to parliament, sufficient powers in the hands of a determined house to secure complete control. It was largely

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through the tax right that the Commons developed in England. But the new Reichstag, inexperienced, just brought into existence, had to face the mighty personality of Bismarck, whose will brooked no opposition. Bismarck ruled the Reichstag. Not only did the House fail to exploit its budget possibilities, but it let other opportunities slip through its fingers. Despite the many falterings the power of parliament was nevertheless surely growing until Hertling actually discussed his policies with the political parties before he assumed office. Max finally had introduced by law the principle of cabinet responsibility. Germany with the dying breath of an empire became modern.

The Weimar fathers took care that the republican Reichstag be equipped with all the powers and prerogatives of an advanced popular house. Indeed, in all the confusion and blur of the constitutional portrait of the president and cabinet, the constitution artisans never forgot that the popular chamber was to be the bulwark of the new freedom. The first step, therefore, was to insure a broadly based electorate. The suffrage was consequently extended to every person, male or female, twenty years of age. That age was chosen in order to give the young soldiers who had risked their lives for the Fatherland a voice in determining the policies of their country. The early voting age is responsible for giving Germany, with over sixty per cent of its population possessing the right to ballot, a much larger electorate proportionally than other countries. It is, however, an anomaly that a minor, unable to enter into contracts and otherwise protected by law from his own acts, should nevertheless exercise the highest duty that a citizen can attain. The only exception to the universal suffrage at the age of twenty is the army of one hundred thousand, although a soldier may be elected to public office. These two clauses seem to contradict each other. The voting, which is secret, direct, equal and universal, must be held on a Sunday or public holiday to give everyone an unhindered chance at voting without disturbing business.

The elections for deputies to the Reichstag, which must be

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held within sixty days after the dissolution or expiration of the Reichstag, are of the proportional type, a very advanced system. The underlying idea is that 60,000 is divided into the number of votes cast for any party. Every 60,000 votes returns a deputy for that party. Any sum left over in any district, after the division by 60,000, is added together within a group of districts which have been chosen for combination and for each resulting 60,000 another deputy is allotted. Finally, after the extra allotment within the groups, any remaining fractions are accredited on the national ticket on the basis of 60,000. Since the number of people voting varies, the number of delegates to the Reichstag changes at each election.

By sponsoring a variation of this elective system for the Weimar National Assembly the Social Democrats as the undisputed majority party of the country sacrificed a large number of delegates, perhaps even a control of the constituent assembly, but remained true to their principles in the hour of their prosperity. While the great feature of the device is the safeguarding of the minority rights there are faults in its working that impair its efficiency. The worst defects are the failure to keep intimate contact between candidate and voter and its stimulus to the building of party machines. The delegates are elected as they are placed in order on the party lists. The first name has the best chance. The voters instead of a personality have a list to vote for. The party machines have no trouble in keeping their favorites in office.

The deputies are elected for a four-year term or until the dissolution of the assembly. The usual privileges are accorded to these delegates. They are freed from the duties of being witnesses and from revealing the names of informants, while papers are exempt from seizure. If they are not arrested within a day after the commission of a crime, they cannot be arrested without the consent of the Reichstag; and if they are arrested, all proceedings against them can be suspended by parliament. They are not accountable for opinions expressed in the Reichstag. They

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enjoy free transportation on the government lines. Deputies elected from among civil employees or the army need no leave of absence. In harmony with universal custom they pledge themselves to represent the nation, not a district, and to follow only their conscience and no instructions.

The meetings of the Reichstag are carefully laid down in the constitution, which provides that the popular chamber must meet at least once a year on the first Wednesday of each November. After an election the parliament is obliged to convene within thirty days. Ordinarily the house itself determines the day of opening and closing. Special meetings may be called if the President thinks there is an emergency or if one-third of the Reichstag demands an extraordinary meeting. The President, however, can request the convening of the assembly only in an emergency. He was definitely denied the right to do so on any other occasion, because the new Germany was to be a parliamentary government in which the executive, the President, who was no more than the historical successor of the Kaiser, was to have no control over the legislature. While the chamber can dissolve itself and call for new elections, dissolution automatically takes place in four years if it has not occurred earlier. Sixty days after expiration or dissolution new elections must be held. The meetings are public unless two-thirds of the house determines on a secret session.

In its character of guardian of public rights and independence the Reichstag is a self-sustaining, uncontrolled body which elects its own officers, such as a president and secretaries. Its two great watchdogs over public affairs are the standing committees on foreign affairs and the cabinet. These two bodies, which have the right of conducting investigations, do not end with the dissolution of parliament; they dissolve only upon the installation of a new Reichstag, and are definitely erected to watch the cabinet between sessions and between elections. But, in addition to these two public guardians, purely investigating committees which can call witnesses, delve into business and private trans-

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actions, can be created if one-fifth of the assembly desires. This article is a very broad protection to the minority which by easy combination can secure a one-fifth vote to investigate any suspicious transactions of the ruling factions.

The extraordinary committees just described play, of course, an abnormal part in the parliamentary life. The normal type of committee is similar to its prototype in other countries. There are committees on foreign affairs, on social welfare, ways and means, etc. The members of the committees are elected on the basis of numerical representation of the parties in the Reichstag. A state may send a representative to declare its position on any question pending before a committee.

The main business of the Reichstag is, of course, to provide the laws necessary to the effective administration of the nation. Because it is the popular house, the laws originate chiefly in its midst. But since there exists a second legislative body, the Reichsrat, laws come into existence normally when both chambers agree. Should disagreement result the bill returns to the Reichstag which can by a two-thirds vote enact it over the Reichsrat's veto. If the Reichstag fails to repass the bill by a two-thirds vote, the President can let it drop or within three months ask a national referendum on the question. And he can order a referendum on a law within one month even if it has passed both houses or the Reichstag by a two-thirds vote.

Although the Reichstag is the chief law-making body, the initiation of laws may proceed from various sources outside itself. The cabinet has the right to introduce bills into parliament after it has secured the assent of the Reichsrat or after it has stated the objections of that body if there is opposition. The National Council presents its projects of laws through the cabinet. When the latter disapproves, it must yet introduce a Council bill along with its objections. A limited right of initiation is given to the Economic Council in social and economic matters.

The most extraordinary method of creating laws is by the initiative. A definitely phrased project of law must first be

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drawn up before the first movement for a national initiative can be taken. If one-tenth of the qualified voters of Germany then underwrite the draft bill, a popular vote is in order. To enact the bill at least one-half of the registered voters of the country must signify approval. But as soon as the one-tenth have demanded an initiative the bill is given to the Reichstag, which can pass it at once without alterations and render the initiation unnecessary.

Besides the initiative the people possess another direct hand in the legislation. If one-twentieth of the electorate demand a referendum on any law enacted, a popular vote must take place. Not only can the people themselves invoke the referendum but the President can call upon them for a decision at any time, even if both houses have agreed on the passage of a law or if the Reichstag has passed a bill by a two-thirds vote over a veto of the Reichsrat.

The Reichsrat also may demand a referendum when it opposes a constitutional amendment passed over its veto by the Reichstag. In that event a referendum must be undertaken if the Reichsrat interposes its objection within two weeks of the passage of the amendment.

The adoption of the referendum was largely due to the Social Democrats, who stood for the widest democratization. Popular feeling was to have the ultimate word not only indirectly through election of deputies but directly by the making of congenial laws. The nation had just gone through an upsetting revolution to give itself a new form of government by the primary method of a constituent assembly. The people did not want to tie their hands to the new constitution so that another revolution would be necessary to change the form of government to new needs. The chief value of the referendum was expected to be in its character of a check upon the legislature, which would be forced to respect the popular will by this device. But the cost and the magnitude of setting in motion this procedure have limited its use to a single occasion.

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Another extraordinary clause is the one which permits the enactment of constitutional amendments by ordinary legislative action. Instead of a special procedure in the states as in the United States, parliament in such cases needs a two-thirds presence of the house to constitute a quorum and a two-thirds vote of the quorum to approve a measure. Two-thirds of the Reichsrat votes cast is necessary but quorum requirements are omitted. But here also as in an ordinary law the Reichstag can pass an amendment by a two-thirds vote over the Reichsrat. While a two-thirds vote of the legislative quorum is essential for the carrying of an amendment, an initiative for such a measure needs the affirmation of one-half of the qualified voters of the country.

THE CABINET

The elaborate mechanisms established by the constitution to insure the Reichstag control over itself and other departments of the government testify to the deep scar of suspicion that the imperial system had left on Germany. In the immediate past, behind a right-angle turn, lay the cabinet's irresponsibility to the Reichstag. In the present stood the firm determination to establish a popular government. The good example before the Weimar Assembly was England; the bad example, the old cabinet. In creating the republican cabinet the Weimar fathers were bathed deep in the cool, dark shadows of the past and under the dark influence they wrote the elaborate details governing its formation and work. Sometimes these regulations seem preposterous as when the consent of the President is made necessary to formulate the cabinet's procedure; for what has the President to do with the cabinet? In theory the cabinet is only a creation of parliament itself, which can at any time interfere and dominate; in fact, however, it is an independent organ. In Germany, moreover, the President has begun to assume a very important rôle in the life of the cabinet. We find that the German cabinet with its constitutional details is not a replica of the English cabinet.

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The constitution stipulates that the President shall appoint a chancellor who in turn shall recommend to him a list of ministers. In reality the parties come to an agreement among themselves, while the President merely ratifies the decision of the parties. The constitution has prescribed an idealistic course of building cabinets or governments which the multiplicity of parties in Germany and their irreconcilability have set at naught. This problem of organizing coalitions to conduct the national administration has become perhaps the most serious problem facing modern political Germany. The long interregnum at the end of 1925 was ended only by the President's insistence that the parties agree to disagree enough to form a working arrangement. Again in early 1929 the problem became almost unsolvable. The Center and Democratic parties set up unscalable conditions. In the face of this menace to orderly government, a situation the extremists used to discredit parliamentary rule, the plea set up by Preuss in the Constituent Assembly that cabinets in the new régime cannot be formed on a basis of numerical strength of the parties, is being echoed by Stresemann and other political leaders. They demand a return or rather a trial of the constitutional method of letting the President appoint the ministers. Both President Ebert and President Hindenburg have at times played a decisive rôle in the formation of governments; but ordinarily the parties, and therefore the Reichstag, which must confirm the appointments, have the first and last words.

After the Reichstag approves a ministerial list, the cabinet remains in power until a direct lack of confidence vote is passed. If a cabinet measure fails of parliamentary support, the cabinet need not resign. While the Reichstag must approve the cabinet, a minister or chancellor need not be a member of parliament, as is universally obligatory. The number of ministers varies since there is no provision in the constitution determining the exact departments. The minister of each department countersigns with the President all decrees relating to his department, while the chancellor can countersign any decree. The chancellor,

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moreover, takes the President's office during a temporary hindrance of duty or until a new election, if the seat becomes prematurely or lengthily vacant.

The cabinet is bound by such futile constitutional mandates as that a majority vote decides questions in its meetings. Obviously the important factor in the cabinet is the matter of parties, since Germany never has a single majority party. Questions must be agreed upon by the coalition. A majority is a form. As soon as disagreement creeps into the combination, the cabinet is ready to fall. We find that the cabinet as a whole is given the right to decide upon matters touching two or more departments where the respective departments cannot agree. It is a worthless clause.

The cabinet has the power of issuing ordinances and general administrative regulations necessary to execute the laws, although in certain instances the President and the states have this authority. This is a power of some importance since in Germany as in other continental countries the law as passed by the legislature is often a framework on which the ordinance hangs the details for administration and execution. The cabinet also issues in conjunction with the National Council ordinances for laws whose execution is left to the states. Also with the consent of the National Council it draws up regulations governing the means of communication and transportation.

Through the requirement that the President must obtain the countersignature of the proper minister, the cabinet has a latent and vast power under Article 48, Section 2, which authorizes the President in times of public insecurity and disorder to issue emergency ordinances and to enforce them with armed might. The President must, however, apprise the Reichstag of his action and nullify his measures at its request. This power is fundamentally meant to be a means of restoring public order, but in the troubled times following reparations crises and the Ruhr invasion this clause was used far in excess of its constitutional content. The cabinet actually made laws, which the parliament soon ratified. Other far-reaching acts have been undertaken by

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its authority. Article 48 has been used to solve many difficulties of an extraordinary nature. Extremists have envisioned among its possibilities the overthrow of the republic through "legal" means by declaring an emergency, dissolving parliament and setting up a dictatorship.

The broad measures adopted by the government under Article 48 could only be temporary since they must be submitted to the Reichstag, which can ratify and continue them if it so desires. But after parliament was faced with the grave crises that evoked the measures under Article 48, an even broader enabling act was granted to the cabinet to set aside constitutional clauses. Through the ordinance route, the cabinet has actually legislated instead of the legislature. Though the form of constitutionality has been preserved, the spirit has been violated.

Another important duty of the cabinet is the administration of the governmental departments, such as justice, foreign affairs, defense. All the activities of the cabinet, however, are under the immediate control of the Reichstag, which can demand the presence of any or all ministers before the general assembly or before its committees. On the other hand the cabinet members can demand entry to the sessions of the Reichstag or its committees. The parliament can make any or all ministers accountable for malfeasance before the courts.

The Reichsregierung, the cabinet, has the responsibility to the Reichstag on the model of parliamentary governments but has great influence in the National Council to exalt it to a self-reliant organ of government. This mixture of powers resulted from the Socialists' desire to make it a mere committee of the legislature and from the opposing wish of the rights to see it an independent body.

THE PRESIDENT

Just as the features of the cabinet have been doubly exposed and blurred by the constitution, so too has the President's portrait. The Weimar Assembly trembled under the dread of a

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dictator seizing control of the country. The names of Ludendorff, Hindenburg, von der Goltz were words to inspire fear. The memory of the Kaiser urged a restrained executive. But on the other hand the value of a strong leader was understood. The constitution wavers between these two attitudes of fear and love. The constitution committee, here as elsewhere, studied the available republican constitutions, particularly of the United States and France, as the two great republics. The committee took as its aim the mighty figure of the American President and avoided the French wash-out. But in making his term seven years the French model was followed.

The President must be thirty-five years old and be elected by a popular vote. He remains in office for seven years and is eligible for reëlection at the end of his term. He can, however, be removed before the end of his seven years by a two-thirds vote of the Reichstag. After a parliamentary vote the President is suspended from office until a referendum of the people decides whether the suspension shall be permanent or not. Should the people disapprove of the Reichstag measure he returns to office for another seven years and the house must dissolve. But if the referendum approves of parliament suspending the executive the deputies stay in office and the president is permanently barred from filling his term. Impeachment is thus a great public contest between the legislature and the executive, a contest that the chamber will be slow to take up since the elements of stability and dignity involved in the presidential chair naturally give the incumbent an advantage.

While this clause counterpoises chamber against executive, the article making the consent of the Reichstag necessary to a criminal prosecution of the President makes him dependent upon the house. The clause, however, that forbids a President from being a member of the popular chamber evinces a desire to make the chief executive independent of the Reichstag.

The powers of the President would seem at first glance to be considerable, but a further examination reveals them to be

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apparent and not real. The formal dignities of receiving foreign ambassadors and wearing the regalia of state adorn his office. The power of appointing civil and military servants is more practical. He has real power in his capacity as chief of the military and naval forces of the nation, for in a state of emergency or in case of a state refusing to perform a duty imposed by law he can declare a state of siege and send troops. He must, however, inform the parliament of his action and withdraw his measures upon its demand. The usual pardoning right is accorded to the German executive as to other modern heads of state.

The President plays a certain legislative rôle which in certain cases may be of importance. He draws up and issues certain regulations and ordinances. He promulgates all laws of the legislature. A more direct power is the veto. Within one month he can call for a referendum of a law. Despite a one-third vote of the Reichstag demanding the holding in abeyance of a law, he can promulgate the act if two-thirds of both houses declare the measure urgent. Where the Reichstag and the Reichsrat cannot agree a second time on a measure, the President can ask for a referendum within three months or can permit it to lapse. If the Reichstag should pass a law by a two-thirds vote over a Reichsrat veto, he can either promulgate the measure within three months or order a referendum. The President alone can order a referendum on a budgetary law.

It may seem that the President is, indeed, equipped with considerable power until we learn that he must have a ministerial countersignature for every one of his acts. He may, if he thinks it urgent, request the President of the Reichstag to convene that body. He may dissolve parliament, but only once on the same question. He nominates two members to the electoral commission of the popular chamber which is charged with examining credentials and certificates of the deputies. But in all his actions a countersignature is essential. This deprives him of all vestige of the might with which the constitution enclothes

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him. A minister, being responsible to the house, will not run counter to its wishes under pain of loss of confidence.

The President, nevertheless, has a strength of his own. He cannot be removed by a lack of confidence vote. He is responsible only to the people, although the Reichstag can suspend him temporarily by a two-thirds vote. On the other hand the house can bring him to trial before the National Court after a two-thirds majority of the chamber approves a demand to that effect signed by one hundred deputies. By this action the Reichstag is in no danger of dissolution regardless of the outcome of the trial. The President, if he runs foul of the house, may find himself in oceans of trouble. But on the other hand he can dissolve parliament once on one question.

The President began to take an active part in the national administration even while the constitution was in process of formation. Ebert had been elected provisional executive by the Assembly, and as had been his wont during the dark days of revolution he continued his beneficent activities. Before the presidential and cabinet duties were delimited, Ebert was already being invited to sit with the cabinet. This practice was followed by the cabinet rules. During such joint sittings, the President may even take the chairmanship, but he has no right to vote.

It was expected that the President would derive his power from the right to call for a referendum, but reality has been different. His prime source of power lies in the fact that the political life of the nation is split into many parties which find it difficult to agree on a political program. This gives the executive an opportunity to impress his personality and opinions upon the country. He can refuse to dissolve parliament when the chancellor requests it; he can refuse to name a chancellor even when the largest party might seem to be entitled to the honor. Where there is no united parliamentary opposition a strong individual in the Presidency can make these opportunities count high.

President Hindenburg did, in fact, specifically instruct from

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what parties the government should be chosen when he nominated Marx chancellor in 1927. The dissension in the multi-party system made it possible for him to overstep the well-defined rights of a parliamentary executive. A further possibility for power exists in the inability to compel a President to appoint civil or military servants that a governmental cabinet may desire. Like the Reichsrat he has gained an unsought and unnamed strength from the multiplicity of parties. Hindenburg has, indeed, made his views felt in the conduct of the government. He has always been consulted respectfully in the big national questions: so concerning Locarno, the flag controversy, the appointment of a successor for Minister of Defense Gessler. In fact he insisted in February, 1928, on appointing his old Chief of Staff, Groener, to the Ministry of Defense and refused to dismiss the cabinet when that body itself requested it. The President thereby exercised an enormous political weight, compelling a split coalition to patch up an agreement on the budget and a program of emergency measures, when the parties wished to go before the electorate without these laws and to appeal for authority at the election to execute projects of their own devising. The strong executive which is incompatible with parliamentary government has in a measure developed.

THE JUDICIARY

The constitution did very little repairing on the judicial system of Germany. The administration of justice had been in the hands of the states before the revolution and with the states it was left by the National Assembly. The nation's venture into the ordinary fields of justice was limited to the Supreme Court established at Leipzig, which is essentially a court of appeals, and whose original jurisdiction is very restricted indeed, being mainly in national administrative matters. In its character of court of last appeal it insures a uniform interpretation of the laws. While the nation possesses no courts to decide the everyday civil and criminal cases of its citizens, the administration

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of justice can safely be left in the hands of the states because the nation retains the right to prescribe court procedure.

Although the Supreme Court is the highest court of the nation it must not be assumed that it has the great power of the American Supreme Court to decide the constitutionality of the law. The German constitution, like that of the United States, is silent on this highly important subject and it may be that in the future some German—Judge Marshall may find such power for the court. At present it seems clear that there is no organ competent to question the validity of a Reichstag law once it has been passed in the constitutional manner.

German legal students are waging a hot controversy over the courts' right to pass upon the constitutionality of laws. The Supreme Court and other national high courts have already declared laws unconstitutional, but in all cases these have been either state laws declared invalid or ordinances found to exceed the powers granted in the enabling acts. The latter question is based upon the German distinction between formal and material law, viz., the manner of its enactment and the substance of the law. But the pure question of conformance of the substantive law with the constitution has not arisen. If a state should nullify a national law on the ground that it was unconstitutional, the cabinet would be within its rights in asking for a declaratory opinion of the courts. The courts could then hardly evade the decision of constitutionality. In the meanwhile the tendency seems to be in the direction of permitting the courts to assume this vital function.

The Supreme Court received its jurisdictional limits from the law of April 8, 1920, which gives it the right under Article 13, Section 2, of the constitution to decide the constitutionality of a state law with the National Constitution and declare it null and void. A state law once found to be in conflict with a federal law dies and does not continue in a comatose state to be revived, as in some countries, if the federal law is later repealed. This right is an incident of deciding whether a law is actually

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law. The Supreme Court was also empowered by this law to decide such a constitutionality upon the request of an organ of a state or the nation but not of a private individual without waiting for an actual test case to arise as is necessary in the United States. Decisions of this high court receive the force of law and are published with the other laws and ordinances in the Official Gazette. The Supreme Court on December 18, 1919, was given the jurisdiction over the war criminals indicted by the Allies in the Treaty of Versailles.

Another high court, the National Court of the Republic, was created in the constitution and defined by the law of July 9, 1921. This is not a permanent court but only meets as occasion arises. Its composition varies with the character of the duty before it. In trying an impeachment case it is attached to the Supreme Court and is a body of fifteen judges, five of whom are law personages, consisting of the President of the Supreme Court, three high judges and one lawyer. The other ten members are selected five from the Reichstag and five from the Reichsrat. A two-thirds vote decides the impeachment, so that the ten laymen can outvote the legal members. The only persons who can be impeached are the President, the Chancellor and the federal ministers, and they must be charged with a definite violation of law. A mere charge of "high misdemeanor" or "endangering the welfare of the nation" is not enough.

When the National Court is called upon to inquire into a public law, such as constitutional conflicts within a state where no state court is authorized to decide such a question or a dispute between two states or a state and the nation (for instance, concerning the administration of a national law by the state), it is a smaller body of only seven members. In that case it is attached to the National Administrative Court, whose president presides. Three other judges of the Administrative Court and three from the Supreme Court complete its organization.

Administrative courts are commanded into existence by the constitution with the duty of protecting the citizen from admin-

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istrative excesses. While in the eyes of an American or an Englishman such institutions seem to be an anomaly since the regular courts are fully competent or at least theoretically empowered to protect the citizen's rights, it is a step forward from the empire, under which the bureaucrats high-handedly disposed of civilian rights. Chambers somewhat of this type existed under the monarchy also but were called the Patent Office, Federal Insurance Office, and so on.

Extraordinary courts such as England had in the star chamber are forbidden, but military courts are authorized.

FUNDAMENTAL RIGHTS AND DUTIES

The first major division of the constitution which we have been examining up to this point has delimited the departments of the government and their competence and defined the spheres of the states and the nation. The addition of a bill of rights would have completed it in the sense of the American constitution. But the German revolution was social as well as democratic and accordingly the second part contains not only a bill of rights but a host of social, even socialistic articles. The socialistic position is brought out clearest in the addition of duties in juxtaposition to the rights. While the Germans claim originality for the inclusion of duties, the French constitutions of 1793, the Year III, and 1848 all contained similar references.

Aside from listing a series of duties the section on Fundamental Rights and Duties contains many clauses which are emphatically stamped social and are the fruit of the socialistic influence. The Social Democrats made their greatest progress in land reform and in industrial reform. The second section of the Weimar document is shot through with compromise, often counteracting sentences and obsolete guarantees. The bourgeois and socialistic points of view clashed but found ready solution in the willingness to compromise.

The second section of the constitution, on fundamental rights and duties, is really a political school for the nation and a pro-

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fession of faith. It was definitely realized that many clauses of this division were impossible of execution. In fact Dr. Beyerle of the subcommittee was charged by the constitutional committee with drafting "a distillate of the present state of the law together with a program for future legal development." The National Assembly met in very troubled times when no one could foresee what course the future would take. The work of the convention only went forward because the parties recognized that great obligations rested upon them and that chaos could be avoided only by some sort of agreement entailing concessions all around. The conciliatory attitude of the majority parties was in marked contrast to the conditions reigning throughout the Reich where Social Democrats had just waged bloody feud with Independent Socialists and Communists, where reaction struggled with radicalism. In some sections one brand of extremism reigned intolerantly, while in another the opposite type held sway.

The Weimar fathers had very just and reasonable fears that the work they had produced might easily be disregarded by the next succeeding legislatures. The work, moreover, they were desperately attempting to do for Germany was novel, without precedent. There had been no gradual evolution and there was no broken path to follow. The constitution framers, therefore, decided to go into some detail and fill in the framework of the constitution with what is more properly legislation than basic charter. The second section on fundamental rights and duties, therefore, contains many almost incompatible divergents, resulting from the compromise between opposing political theories. But here as in physics the resultant of two conflicting stresses may result in a new direction.

With the old constitution repealed, in the flux and uncertainty of the new order, in ignorance of how the new state of things would shape the new progress, the Weimar delegates were not going to err by incompleteness. The bill of rights which is accepted in all civilized states was not left to custom. It was

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stuffed into the Weimar constitution, right of petition and equality before the law equally along with the abolition of titles and orders. Most of the rights would be covered by the declaration that Germany is a republic and a democracy, but they were explicitly set out nevertheless.

While all civilized states take for granted that the citizens possess inalienable rights, the German constitution found no harm in listing them. Certain of the rights were absolute, not to be qualified under any circumstances. Every German was to be equal before the law regardless of all circumstances, and to level all classes to a common height it was prescribed that all privileges of birth and rank were abolished. Certain classes of the nobility had enjoyed a superjudicial position which was now ended. Titles and orders were also abolished at home and Germans forbidden to accept them from foreign governments. Men and women were declared equal and both given the right to hold public office. To forestall the trial of German soldiers by Allied courts for alleged war crimes the constitution ordered that no German could be surrendered to a foreign government. No *ex post facto* laws are permissible. The suffrage was ordered to be secret, although it had already been so, while the obsolete right of the humble burgher to petition his sovereign, now a parliament, was proudly preserved, despite the fact that there was no longer a king. Religious freedom was established and a religious test for office forbidden. These rights were untouchable.

While the right to travel within the country and take up a residence anywhere was set out as a constitutional right, yet a law could hedge in the full enjoyment. Emigration can be restricted if the Reichstag passes a law. Personal liberty, the sanctity of the home, the secrecy of post, telephone and telegraph, can be modified by the mere passage of a law. Freedom of opinion was guaranteed and the censorship abolished except on movies and obscene literature and books tending to pervert the young. A bill of rights is a small satisfaction when it can be modified at any time.

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The right to form associations was explicitly granted as was the right of assembly, which was in the same breath restricted by the provision that meetings in the open might require previous notice if the law demanded it. Such limitation may, indeed, be in the interest of public order, since police supervision and protection can then be arranged. And as long as the law defining the qualification of any of these rights keeps within such reasonable limits an intolerable infringement of inalienable rights need not be feared.

But without an understanding of the German theory of the state and its police power we are apt to get a false impression of the constitution's grant of a bill of rights with the left hand while a whip is held in the right hand behind the back. Anglo-Saxon ideas posit certain, inalienable rights, such as free speech. These cannot be taken away. They are born to each citizen. German theory holds that fundamental rights are mere documentary evidence of concessions won from rulers. Such rights, therefore, are rules of conduct created by law. Those rules have a twofold aspect; viz., as a check upon the agents of the state and a check upon a citizen's fellow citizens. As a result of the theory that fundamental rights are a state-created course of conduct, it follows that with changed conditions the rights may be changed or temporarily suspended. But if the rights are denied for a time, it is only the state's authorities who are authorized to disregard those rights, while private citizens are still bound to preserve the rights of fellow citizens. As a corollary, the invasion of fundamental rights need not cause the grave concern that it has roused in our own country where the disregard by police of our inherent rights is more serious because of our differing theory.

The fundamental section of the constitution besides laying down positive law as in the above provisions also sets out principles and guides for future legislative enactments. It declares as a basis for a national law on citizenship that every citizen of a state shall be a citizen of the nation. It declares that for-

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eign elements in the country have the right to their language but leaves to a later law how that right shall be used in schools. In any event there are only a few Poles and Danes left. The constitution has taken the family under its wing and specifically declares that large families have the right to equalizing assistance. That equalization can be achieved, however, only by the passage of a law. So too the mere declarations that motherhood has a claim on the state and that illegitimate children are to have equal opportunities with legitimate children and that child labor shall be protected do not go beyond a generous gesture which future legislation must make good. The promise of social insurance covering motherhood and unemployment does not give the convalescing mother or hungry searcher for work meat and bread. But a guiding principle is set down for the legislature to follow. No more are the civil servants protected because the constitution says they are under the protection of the state, although the statement that they are appointed for life does vest immediately as does the clause whereby the state accepts responsibility for their acts, contrary to the law in our own country. The special representation held out to the civil servants must, however, be enacted into law before it becomes more than printed words. Municipalities are to have self-government when a law defines that term.

While many statements in this heterogeneous section on fundamental rights and duties are meant to be expanded into valid laws, many of the clauses are no more than axioms and moralisms by which the roused feelings of revolutionary socialists and determined conservatives were appeased. Every German may indeed have the opportunity of earning his living if times are good, but even a constitutional clause cannot guarantee it, whether made into a statute or not. Germany's present or probable future resources simply do not permit such an extravagance. Socialists might have been pleased with the provision that freedom of opinion is not to be restricted by employment, but in reality discrimination will continue without regard

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for those words. It needed no constitution to assert that all Germans have the right to the protection of the state. If the constitution specifically makes it the duty of every German to accept honorary office and gives him the right to leave his work to attend such duties, it immediately realizes that business and industry have their claims too and adds that the business must not be injured thereby.

Just how marriage was to be protected by the state in any other manner than it was before Weimar is not clear. At least non-socialists could derive some comfort from the clause. Could the declaration that the education of the children is the highest duty of parents be other than moral teaching? What could civil servants be other than servants of the community? Since civil servants are citizens and consequently entitled to freedom of opinion, the special clause giving them free opinion cannot be more than a moral precept to the government parties. The very words that a common school system shall be cherished sound like the gentle teaching of Scripture. The generous position accorded to labor which is to enjoy special security, the fostering of the middle classes and the protection that is to be extended to intellectual work equalize each other, so that the common practice prevailing hitherto continues and the different protections are mere moralisms. If legal practices contrary to good morals are to be void, a great revolution in law is to take place or the provision is itself only an exhortation to good moral behavior.

EDUCATION

Education is expansively treated in the second section, and the general principle is laid down that it is a state monopoly which private persons or associations may perform only in very limited cases and then only with special permission. All children must attend the common primary school for the first four years of their school life. Rich and poor, high and low, meet on a common footing during the first years of their life. The rich

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cannot send their offspring to special, private schools because private primary institutions are not permitted unless a public school does not exist in the district or the private school has some special purpose, as teaching deaf and dumb pupils. Not only are the primary schools wholly public but also private preparatory schools are abolished. Even the higher private schools are forbidden unless they have been found to be equal to public institutions, and no separation of students is made on a basis of wealth, and the teachers' economic position is assured.

The German educational system has deservedly enjoyed a high repute. The republic means to maintain the high standards set by the monarchy. Attendance in school is compulsory until the eighteenth year. At least eight must be spent in regular schools, but the years remaining before the age of eighteen may be devoted to continuation school. The teachers are to receive a uniform training and when taken into the school system are to be state officials and consequently appointed for life.

Education itself is to be free, as are the supplies. Great stress has been laid upon moral education. The children are to be taught civil sentiment, German culture and international conciliation. If we remember the strangulation, amputations and constrictions that the Allies were preparing for Germany at Versailles when the constitution was being fashioned at Weimar the provision for the inculcation of international conciliation is remarkable and revealing of German feeling.

The teaching of art and science is declared to be free, so that an evolution trial is not very likely. Artistic and historical monuments are to be protected by the state, which is also to prevent the removal of art treasures, which were often acquired from other countries when Germany was more prosperous.

Religious instruction is permitted in the public schools but the clause is not very clear, so that today a controversy rages as to whether such religious instruction shall be imparted by representatives of the churches or merely by the teachers in the general vein of each religion. If the former shall be interpreted

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to be the proper meaning the clerics will gain a strong position in the schools. The difficulty involved in solving this delicate question is exemplified by the fall of the governmental coalition in February, 1928, over the terms of a law to regulate religious instruction. Again the necessity of compromise shaped the law so ambiguously in the constitution that anything can be construed from its language. The simultan school, wherein the various religions are taught in separate classes but in the same school according to the religious affiliation of the pupils, has made headway, although before the war it was denounced. Now it is even stipulated that ethical systems, a cover word for socialism, must also be taught on an equality with religion if such instruction is demanded.

RELIGION

Although the edicts of Adolf Hoffmann, revolutionary Minister of Education in Prussia, frightened the religious sects by their thoroughgoing measures against the church, the provisions of the constitution show no animus toward religion. Churches are divorced from states where previously there was close contact. But here as in the bill of rights the general principle is quickly weakened by the provision that state contributions being paid by the various states to certain churches are to continue until a national law shall regulate the matter. Opportunity was thus given to continue close relations.

It is, moreover, explicitly provided that the formation of religious associations or corporations shall be free and that the existing organizations are to continue in force. While new ones may be formed, the old institutions are favored to the extent that new bodies must give proof of having large enough numbers to assure permanency. The churches are thoroughly safeguarded by the provision that religious property may not be expropriated. The old place of the churches is further maintained by giving them the right to hold services in hospitals, prisons and similar institutions.

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The constitution in its religious clauses as elsewhere lays down guiding principles for legislation. The old claims of the church on the state arising out of the secularization of religious corporations are to be settled on a federal basis. Sunday and holidays continue but as days of rest for socialists and of spiritual edification for church members. A law has already been passed which compels the closing of stores on Sundays. Religion is recognized further by providing that members of the national defense forces are to have time for religious services. An even more direct connection between church and state is retained by the clause that the theological faculties in the universities are to be continued.

The sects are well satisfied with the way the constitution has treated them.

ECONOMIC LIFE

The duties imposed upon German citizens are mostly in economic matters, although the usual public duty of contributing to public burdens is mentioned. Since military service was to be dictated by the Allied wishes the constitution leaves the matter to future legislation. Conscription is not renounced and denounced. Every German has the novel and uncertain duty of accepting honorary office. The Socialists inserted the clause that legal compulsion may be enforced in economic life only for the public welfare but seem not to have advanced very far from the old usages.

The section is rich in socialistic aphorisms which were meant to content the avid workmen who hungered for the new era. Property rights entail property duties. Every German must use his intellectual and physical powers for the common good in so far as compatible with personal liberty. It will be difficult to enforce such a declaration. While the constitution may announce that the wage-earners are qualified to coöperate with the employers, the workmen do not get an interest in plant management or profits thereby. The housing shortage which compelled

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families to live in one room and forced well-to-do people to share their commodious houses with less fortunate individuals was not abated by the pronouncement that the distribution of land would be supervised so that everyone might have a decent dwelling. It may well be a duty to till and use the soil for the common good, but even in Russia they have been compelled to permit the peasants to control the land. The unearned increment of increased land values ought perhaps to go to the community, but further legislation is necessary to acquire it. The opportunity to earn a living is a right that precarious economic conditions often negative. Legislation may perhaps turn some of these various principles into active law.

It was not difficult for a Social Democratic Party to agree on compromises of general principles which they were themselves convinced could not be enforced at that time. They were willing to acknowledge the right of private property but added the clause that its incidents and limits were to be defined by law. Anything could be legal under that addition. The old individualistic doctrines of economic liberty with the freedom of contract, of trade and industry are affirmed but compromised by the condition that economic justice and humane conditions of life must be assured. Legal compulsion is permitted in the interest of the common welfare, so that both worker and owner may find their freedom restricted. The right to take private property is socialistic, but when compensation must be paid it becomes nothing more than eminent domain. But the possibility is left open for outright expropriation if a law is passed in that sense. Church property and state, city or public utility holdings can never be expropriated even by law. The non-socialist right of inheritance remains. Everybody must be satisfied, if labor is under the special protection of the state, if intellectual labor receives the same guardianship, if the middle class is to be fostered. Patents and copyrights continue.

Despite the compromises they entered upon the Socialists registered outright gains. The right to combine for working

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protection was accorded them. Unemployment insurance and doles are guaranteed as well as motherhood insurance. All natural resources are declared subject to the control of the state, while industries may be nationalized, a word that merely avoids socialization.

It was enacted that entails by which property was preserved in families were abolished. Most modern states had long destroyed this practice of tying up wealth and defeating progress by rigid, time-worn conditions; but in Prussia alone property so held had been steadily increasing, and at the time of the revolution it was estimated that seven per cent was so owned. The organization of trades and industry by the government into national chambers or syndicates was provided. The pilfering of valuable German patents by the belligerent countries was rebuked by the clause commanding the government to protect German patents abroad.

The whole fundamental section of the constitution is clearly a work of compromise between contending principles of national life. It contains contradictions and absurdities, but its clauses can be disregarded in appraising the constitution. Time and again principles are so completely compromised that they neutralize each other and future parliaments may pass laws as the state of opinion dictates without fear of violating the constitution. But since there is no organ like the American Supreme Court that can successfully dispute the constitutionality of laws passed by the legislature the future may safely disregard any words that the fundamental section may have spoken.

THE NATIONAL ECONOMIC COUNCIL

The angry flare-up of the radical Spartacus Week in March, 1919, brought home acutely to the Weimar delegates that the unleashed hopes of revolutionary labor would have to be propitiated, that they could not be dismissed by a restoration of a modified bourgeois capitalism under a republic. The socialization committee was hastily recalled to life and a great to-do

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stirred up over nationalization. The council idea had lodged too firmly in the hopeful longings of the laboring men to be abruptly strangled by politicians familiar only with political science. The ominous ring of labor's voice quickly led to the adoption of a grandiose scheme of establishing a nation-wide system of councils rooted in every locality and factory, branching into district councils and flowering in a great National Economic Council.

The outlines of the National Economic Council, the spire of the broad-based structure of ascending councils, was sketched into the constitution. The Weimar men were unwilling that councils should play any part in the political life of the country, so they compromised by assigning an economic rôle to them. They themselves were uncertain what part the councils should play but feared to permit the national council to rival the political parliament. The National Economic Council was not clearly defined, but it was to be a union of the district workers' councils and the National Workers' Council with representatives of employers and interested groups. Only a provisional National Economic Council has been formed by appointing 326 delegates from the various groups of business, trade and industry in the country in the following numbers:

Agriculture and forestry	68
Markets and fisheries	6
General industry	68
Commerce, banking and insurance	44
Transportation	34
Small businesses and industries	36
Consumers	30
Civil servants and professions	16
Appointed by the government	24

This provisional national council cannot attain the stature of the constitutional picture, since it is to be composed of district workers' councils and the National Workers' Council, neither of which has ever been formed. Consequently the tem-

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porary council does not have the power which it might have if the whole system had been built up as originally promised.

The council system was popularly said to have been anchored in the constitution, but it would be more proper to speak of the idea as having been sunk in the constitution from whose depths only a weed or two have been pulled up.

The National Economic Council, which was hailed in certain political science circles as an innovation which promised a new departure in the world, has fallen by the wayside. It seems to have been only a stop-gap, a sop to laboring sentiment. It was allowed to become unwieldy. Originally it was intended to have about one hundred members but the demands of the various economic fields that were to be represented brought it up to 326. The council was stripped of every power but that of deliberation and recommendation on industrial and economic matters. In its fall from high estate it has become the handmaiden of the Reichstag, which refers economic questions to it for report as to a subcommittee.

Interest in the body fell off. In 1921 there were twenty-three plenary meetings, the following year sixteen and in 1923 only eight. Since June, 1923, there has not been a single plenary assembly. The council found a better way to conduct its business than the constitution had foreseen. Three important committees, those on finance, social and political matters, meet with a degree of regularity. This arrangement virtually cuts the membership to one hundred. The other special committees meet only when necessary. In the projects for reform being broached a membership of one hundred is taken as desirable. Some of the plans would give the council power to bring bills into the Reichstag directly without the intermediation of the cabinet.

CHAPTER VII

THE PEACE TREATY

EVEN before the conclusion of the armistice the terms of the peace began preoccupying the Germans. They were prepared for great sacrifices, including the loss of Alsace-Lorraine and territorial adjustments to Poland and some colonial surrenders. But on the whole everybody was convinced that the transformation of the anachronistic monarchy into a fully responsible parliamentarism would mollify the Allies who had held out promises to a new government. The vague reports that leaked out from the closed peace discussions in Paris from time to time whispered of terms harsh beyond the most pessimistic forecasts. They made Germany restless. Journalists and writers gave warnings to the Allies of the probability of Bolshevism in Germany, if the nation were compelled to refuse an impossible treaty. The Spartacist troubles showed them to be no idle threats. Confidence in America and Wilson and his Fourteen Points, however, broke through the gloom and brume.

The peaceless uncertainty was disastrous to Germany. With no assurances of the terms that were to come she could not set about restoring her wrecked economic structure. Credit was impossible. The crumbling building sank more and more upon its crazy foundation. Public utterances of the statesmen often touched upon the need of speedy terms. After the Independents left the government in December, Ebert promised that he and his new administration would press for speedy terms. Each armistice renewal brought up the issue.

But the Allies unconcernedly continued their esoteric discussions in Paris. The peace conference had assembled in the French

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capital on January 18, 1919, without inviting the Germans to attend. When finally the unabashed victors ordered Germany to send her delegates to receive the terms, minor officials were designated to go. Since she was to have no hand in framing the terms, there was no necessity of dispatching diplomats. Mere messengers could accept and bring the document home. Spirit the Germans still possessed. That the Allies could not quell. But neither could they brook it. They were the winners and they alone reckoned to comport themselves proudly. Germany was cast to be humble. A sharp ultimatum warned her to send full plenipotentiaries who could sign the pact.

Germany had only one course: obedience. The six German delegates, headed by Count Brockdorff-Rantzau, German Ambassador to Denmark during the war, arrived April 29th in Versailles. For slightly over a week the delegation sat in their hotel behind barbed wire, guarded by poilus: a reënactment of the armistice negotiations, only severer, with more animus. On May 7th, the fourth anniversary of the "Lusitania" sinking, the formal presentation of the peace terms took place in the small Trianon Palace, near Versailles. It was a magnificent May day with the first spring vigor in the trees and plants. The room employed for the ceremonies was so small that only the absolutely indispensable participants and observers were given entrée.

Clemenceau, in terse, hateful words, announced the delivery of the conditions to the enemy. Brockdorff-Rantzau, distinguished, *racé*, an aristocrat, the only German delegate favorably commented by the French and Allies, remained seated during his reply. His failure to rise caused visible exasperation to the Allied delegates as they sat listening to his words, and was at once blazoned to the world as only another example of German defiance and bad manners. It is said by the Germans that the Count did not premeditate his action, and that unexpected nervousness compelled him to sit. He said that "we are under no illusion as to the extent of our defeat" and went on to deny German responsibility for the war, stressing the fact

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that impotent as his country was, stripped of friends, still one ally stood at her side before this assembly: right and justice. In behalf of the German Government he accepted the duty to repair the damages inflicted aggressively in the war. Clemenceau quickly ended the meeting, which had no further business to dispatch.

The terms as contained in this draft were so harsh that the German Delegation was all for rejecting it out of hand. The Fourteen Points were repeatedly and flagrantly violated. Deliberation convinced them an attempt should be made to modify the terms by negotiations. Consequently, they directed an official request to the Allied authorities for the right to express their views in writing within two weeks. This concession was accorded to them, when it appeared that the period allowed was too short, they were given a supplementary week. During the three weeks the German notes to the Allies averaged one per day. They might well have been more numerous: the causes for protest were prolific.

Back home the nation was aroused. The National Assembly was unfortunately adjourned for a short vacation. Hastily summoned to Berlin on May 12th for an extraordinary meeting, the delegates heard the terms. The great Reichstag building had suffered so severely in January that the damage had not yet been repaired. The congress, therefore, had to meet in the University of Berlin. Referring to the pitiless conditions, Chancellor Scheidemann eloquently said: "What hand would not wither that sought to lay itself and us in those chains?" Hirsch, Premier of Prussia, in words reminding us of Patrick Henry, declared: "Rather dead than slave." On May 17th Brockdorff-Rantzau, the chief German delegate, returned from Paris for a conference with the home officials.

On May 29th Germany presented its statement of views, a memorandum of 443 pages. Two weeks and a half later, on June 16th, the unresponsive Allied reply was ready. The Treaty was a Punic peace, as it soon came to be called, but the frank-

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ness that exonerates such an annihilatory document could not be blared into a deluded world. Only pious platitudes and misstatements could be made. The German representations had practically no effect upon the peace dictators. Only Lloyd George seemed to be impressed with the German arguments, and he was able to secure less severe terms for Silesia, which originally was to be lopped off without consulting Germany or the Silesians.

In Germany the announcement of the impossible conditions and the pilfering of her self-respect brought forth a storm of indignation and disillusion. The public tended to cynicism. Mass meetings and demonstrations were staged all over the country. Crowds gave vent to their feelings before the American Mission in Berlin. In Weimar everybody clearly understood that the payment of the sums demanded of Germany was simply fantastic and impossible. All the statesmen comprehended that Germany could not defend herself, and that the Allies could force her to acknowledge a war guilt for alleged violation of international law as well as a responsibility for unchaining the dogs of war. The champions of proletarian world solidarity, the Independents, arranged a general strike, which the Majority Socialists joined in order to rob their rivals of lone credit in case of success. The object was to enlist a world strike in protest against the treaty of violence. But the world refused to heed. Germany's disillusion grew still blacker.

The decisive meeting of the National Assembly to determine the acceptance or refusal of the terms took place on Sunday, June 22nd. Everybody felt the intolerableness of the conditions. The split came on the action to follow. The cool, sane minds realized the destruction that the infuriated bitterness of the French might work on Germany. A refusal probably meant invasion, occupation of Berlin, the dismemberment of the nation into the independent states existing before 1871 and large annexations or French spheres of influence. The hotter heads could only think of the indignity of signing such a document. They

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were for a courageous, manly hauteur. Honor demanded refusal. On the treaty issue there were no party lines: Social Democrats fraternized with German Nationalists.

The opponents offered two lines of argument as to the probable consequences of denying the terms. The better informed group assumed that the Allied troops would invade the country and dismember it. But the nation separated, they thought, would find stimulus in history, rise to the occasion, and later throw off the yoke of the conquerors. The pangs and pains of this renascent period would be unavoidable. The other division was convinced, without foundation, that if Germany firmly refused to entertain such terms the Allies would relent and give more lenient ones.

That the army officers should be among the severest critics of the Treaty was quite natural. They had been trained to look upon life as a field of force. The only solution they knew for difficulties was force. Even where the outlook was desperate, hopeless, their instincts called for the acceptance of the challenge. The officers had made known to the government that acceptance would mean their resignations en masse, a very serious threat during times when proletarian revolts were breaking out constantly. Noske, enjoying the confidence and warm sympathy of the commissioned ranks, had been apprised of the unanimity of feeling and had told the government that he could not assume responsibility for order if they should resign. June 20th, Hindenburg telegraphed that resistance in the west was impossible. The dilemma was solved when General von Groener telegraphed the Assembly as a German, not as an officer, that the army would do its duty as would all other stations of German life. This was a declaration of his readiness to take charge of military affairs. With a high officer of his reputation willing to stand by acceptance, if the government found such course necessary, Noske changed his mind. This about-face helped the friends of moderation.

But whether they believed it expedient to sign or to refuse,

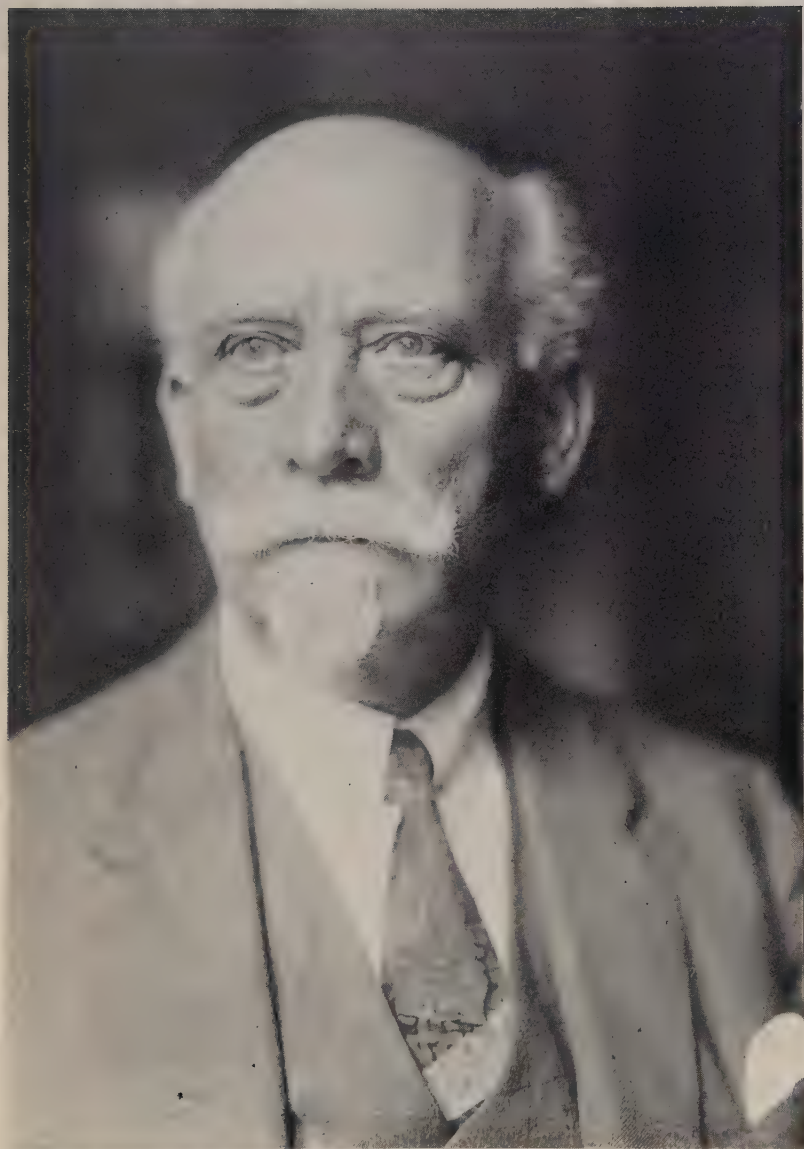
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everybody was agreed that the treaty was unfair, treacherous, barbarous, inhuman. The comments were unanimous in tone. Professor Hans Delbrück said Germany would sooner open her gates to Bolshevism than sign. Ebert's words were that there was "no precedent for such determination to annihilate a vanquished people." Stampher, editor of the *Vorwärts*, wrote that the German people and the American idea were the vanquished in this war. Theodor Wolff, the editor of the powerful and influential *Berliner Tageblatt*, declared that Germany could not sign without material alterations. Prince Lichnowsky, the former German Ambassador to England, whose stand on the war was used by the Allies as evidencing Germany's fault, reported that it was a peace of violence equivalent to Germany's annihilation. Erzberger prophetically branded it unacceptable and impossible of fulfillment.

The rent in the Assembly ranks, within the parties themselves, was serious, irreparable. Party solidarity was fractured. No single party had a united front. The Majority Socialist conference resulted in a cleavage of seventy-five for signing and thirty against it. The Democrats mustered eight favorable to the Treaty and fifty-one opposed. The Center found four willing to sign unconditionally and sixty-nine for a conditional acceptance.

The time fuse, three days long, on the Allied bomb was burning down. Foch was ready to stride across the Rhine, perhaps to Berlin. On June 20th the Supreme Council had authorized him to prepare his troops for an advance if the Germans had not accepted by seven P.M., June 23rd. Scheidemann's would not be the hand to wither from signing the pact. He resigned at one in the afternoon of June 20th. June 21st, Bauer formed a new cabinet, from which the Democrats dropped out.

The garrote tightened. A decision must be made. Pressure forced a compromise. Good sense, appreciation of realities, still dominated the majority, who realized that the greater evil would be an invasion. The Allies, the French certainly, were



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Philip Scheidemann

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eager for an excuse. And yet the terms were intolerable, galling. Germany could neither acknowledge sole war guilt and violation of the code of war, nor agree to surrender the "culprits," including the Kaiser and Hindenburg, for trial before Allied, not neutral courts. Erzberger encouraged the belief that the Treaty would be acceptable to the Allies without these clauses. Haase's fortunate compromise, authorizing the conditional signing with these two provisions out, was passed on Sunday June 22nd, by a vote of 237 to 138. The Social Democrats, the Center, the Independents and a minority of the Democrats produced the majority.

Many delegates left Weimar at once. Home, somewhere, anywhere for relief. Consternation awaited the depleted Assembly on the morrow. News arrived Monday morning that the Allies were intransigent. Acceptance must be unconditional. Every jot and tittle must stand. The enemy stood on the dead line. The horses champed. Airplane motors were tuned up. Light and heavy artillery was ready. At seven the Allies would move.

Action was necessary before seven, or unseeable consequences would follow. Yesterday only the veil of compromise which promised to save Germany's face brought acceptance. Today that gauzy shred was torn from her. How could a majority be secured for surrender! It was doubtful even whether there were still sufficient delegates left in the city to transact business. The congress was hurriedly assembled.

The violent opponents and the determined proponents were both quieted by the inexorableness of events. But the rift continued. It was a deadlock. In the afternoon Bauer announced there were four hours left to get the acceptance to Paris. Heinze, one of the deputies, suggested a formula to meet the situation, by proposing to let the government sign the Treaty on the strength of Sunday's vote. This insincere solution tacitly ended the matter. Yesterday's vote had been expressly against an unconditional signature. Today that vote had been transformed into unquestioning acceptance. The German Nationalists

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today claim much virtue from the fact that they opposed the Treaty. But no vote was taken on Monday. Had the self-appointed saviors of Germany in reality opposed the transmutation of Sunday's resolution they could have effectually prevented the signing. On Monday even Erzberger was ready to vote against acceptance. But almost everybody was glad to find any sort of makeshift solution, fearing the catastrophic consequences of not signing.

Germany's unconditional surrender arrived in Paris on the eve of the 23rd shortly before the order of advance would have been given. Another thrilling crisis in revolutionary Germany's history had been solved literally minutes before disaster. Von Hamiel, the German representative in the absence of Brockdorff-Rantzau, who had resigned rather than affix his signature, informed the Allies that Germany yielded to "overwhelming force but without on that account abandoning her views in regard to the unheard-of injustice of the conditions of peace."

The formal acceptance had been delivered to the Allies. The formal signature remained. The loathing which the Treaty awakened came to the fore. Others were as unwilling as Brockdorff-Rantzau to sign their names. Finally, the Minister for Foreign Affairs, Hermann Müller, and Dr. Bell undertook the reluctant task of signing the Treaty. The delay in finding delegates postponed the arrival of the main plenipotentiaries to June 26th.

The minor delegates had been trickling into Versailles for a few days before the 26th. The lesser lights were put up in the Hôtels Suisse and Vatel; the brighter luminaries, in the Hôtel des Reservoirs, which had housed the King of Belgium a week before. The Germans were instructed to go no further than the streets between the three hotels in which they resided. The second day their liberty was so restricted that they were again almost prisoners. On the 28th the grand ceremony and ignominy in the Great Gallery of Mirrors took place. The departure of the German delegation from Paris was marred by scenes discred-

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itable to the French populace and police. The departing group was stormed by a mob shouting and hurling its abuse. A stone struck and permanently injured a girl stenographer.

Almost seven months elapsed before ratifications were exchanged between the Allies and Germany on January 10, 1920, in Paris. The American Senate refused to give its sanction to the document. It was not until July 2, 1921, that President Harding signed a resolution ending the state of war between Germany and the United States. During the summer of 1921 a treaty was negotiated in Berlin. August 25, 1921, it was concluded. Ratification took place in the Reichstag on September 30th. Before the voting the entire German Nationalist delegation left the hall, exercising their favorite, ostrich tactics of avoiding unpleasant responsibility.

Germany had been flooded with propaganda during the last months of war. The Fourteen Points of Wilson that were so ignominiously sunk in the hour of victory were repeatedly and shamefully baited for Germany. Supreme Allied spokesmen had solemnly avowed their adherence to that magnificent program. And Germany began to believe. When the folly of continued resistance became clear to the army it fell back on the Fourteen Points. The civilian government agreed that they offered an acceptable basis for negotiations. The final agreement with the Allies was therefore based upon this historic program of President Wilson.

The intransigent attitude with which the Allied delegates faced their task is reflected in the League of Nations, from which Germany was carefully excluded until time should show that she was, indeed, repentant. The spirit of victory was, however, most obviously expressed in the vast territorial changes. Germany was surgically treated to a removal of thirteen per cent of her European body. Over one-eighth of her land was given to others, a territory larger than Belgium. Worse than the size of the trimming was the character of the land pruned. Some of her richest soil was cut away. Twenty-six per cent of

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her coal left her control. The iron fields were reduced by seventy-four and one-half per cent. Zinc deposits fell sixty-eight per cent. The food sources were greatly diminished: potatoes twenty, rye eighteen, wheat twelve per cent. But at least on July 12, 1919, after the signature of the Treaty, the five-year blockade was lifted. Ten per cent of the population took on a new nationality. Six and one-half million, or as many people as in all Sweden, now owe their allegiance to other flags.

Belgium benefited by the German defeat to the extent of the annexation of Eupen, Malmedy and Moresnet. Eupen had a population of 25,000, out of which 98 claimed to be Walloon. Malmedy had a larger proportion of so-called Belgians, although here they were in an overwhelming minority also: of 37,000, only 9,500 acknowledged themselves to be Walloons. Moresnet had been in dispute since the treaty of June 26, 1816. A part of Prussian Moresnet was now turned over to Belgium avowedly as compensation for the destruction of Belgium forests during the war. No account was taken of the fact that the trees could be grown again and Germany with her considerable forests could supply lumber during the period of growth. This was not a temporary recompensation as the Saar mines were for France. A plebiscite of the population to express its choice for Belgium or Germany was not provided. When the Germans pointed out that this was a contradiction to the self-determination program, the Allied reply was that Germany had utilized the territory as a great military camp directed at Belgium. Certainly an unresponsive answer. Under the new conditions to prevail from now on, moreover, Germany was not to be allowed any armaments worthy of the name, thus correcting any past offense, if there had been one. As a sop to international feeling the Allies set up a tawdry mechanism, which provided that the inhabitants could within six months inscribe their names on lists to express their choice of nationality, but no provision was made to compel the adoption of the results of the inscriptions. If the people opted

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for Germany, there was no obligation to turn the territory back to the fatherland.

Luxemburg had been part of the German customs union and economically a part of the German empire. The railways were also intimately fettered to the Reich. The iron industry was very closely connected with Germany. Despite the German origin of the people the French language enjoyed some favor in a limited, social circle. The Treaty compelled Germany to exclude the Grand Duchy from the customs union and to loosen her control of the state railways. In addition Germany must recognize in advance any international agreements the Allies might make regarding Luxemburg.

The Saar coal district with its capital, Saarbrücken, was turned over to France, accompanied by the statement that it was to replace the coal mines destroyed by the retreating Germans in northern France, although another clause provided that Germany must supply the difference between the pre-war and post-war outputs of these mines. The Allied reply to the German observations of May 20th stated that it was an act of "exemplary retribution," to teach the wicked Germans that they might not wreck coal mines during warfare, although international law has long recognized such military measures. The French were given the right to the exclusive production from the mines for a period of fifteen years, during which time they were to control them as their own property. It has been calculated that within ten years the French mines, as a recompense for which the Saar was given to France, would be completely restored and in full operation. The ouster of the regular German owners was unnecessary since the produced coal could be given to France without legal possession. More coal would probably have been mined in that event because under the nominal League of Nations but actual French administration the miners have constantly been uneasy, ready to strike.

The real purpose was not to secure France coal in return for the damaged Nord and Pas-de-Calais mines but to give her

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an opportunity to get the territory without flagrant annexation, of which there had been altogether too much to cover gracefully. France was convinced that she could turn the Saar coal into coke for the Lorraine iron. In furtherance of her project to get permanent control France was accorded the right to move in French workers as substitutes for the German workers if they should not prove pliant enough and as insurance for a favorable plebiscite at the end of the fifteen years. This was an especially wicked clause because the German miners had built and owned their homes, which would have to be sacrificed in the event of losing their employment to imported Frenchmen. There was a population of 600,000 Germans and a trifling 300 Frenchmen, a slight justification for loosening the district from Germany. Here again a clause was inserted setting up the right of the population to record their choice for France or Germany at the end of the fifteen-year régime of the League of Nations. The question in this connection arises whether those who return to Germany in the fifteen years have the right to vote and whether imported French workers shall have the right. But as in the case of Eupen and Malmedy there is no obligation to follow the results of the recording. Should the district be turned back to Germany, provision permitting the Germans to repurchase the mines is made.

The administration of the region was entrusted to the League of Nations as trustee. A commission was to be created consisting of five members, of whom one was to be French, another to be a non-French person from the Saar and the remaining three to be neither French nor German. This undemocratic type of government has caused very considerable dissatisfaction, and many protests have been laid before the Commission and the League of Nations. The population has no control. The Commission is foreign, unfamiliar with the conditions and problems. The French through their domination of the League were able to hand-pick the Commission, which was almost a French agency for many years.

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A further advantage was given to France in her campaign to Gallicize the district by providing that no restriction could be placed on the circulation of French money. The Saar was placed under the French customs régime. Compensating France with Saar coal for the loss of her Pas-de-Calais fuel has little in common with placing the district inside the French customs régime or with circulating French money.

Alsace-Lorraine is a much disputed territory concerning which it is very difficult to render an unbiased judgment. It seems originally to have been Gallic country but later became German from the eleventh to the seventeenth century. From about 1680 to 1871 it was under French administration but does not seem to have been greatly modified by the change of government. It is estimated that 80 per cent of the people are Germanic. A German dialect continued to be spoken during the two centuries of the French control. Its German character cannot be mistaken by anyone familiar with Germany. The buildings, quarter-timbered, the very storks nesting on the chimneys, the architect of the Strassburg Cathedral are all German. In Strassburg, German is preferred. On the other hand these people showed a strong inclination toward France and after the Franco-Prussian War some 50,000 people chose to go into exile rather than remain under German rule. But Germany made great efforts to transform this sentiment into attachment.

Whatever the true sentiments of the inhabitants were, the fact remains that the Allies and the French did not hold a plebiscite to ascertain the spirit of Alsace-Lorraine. Despite the avowals on the eternal rights of self-determination, France did not seize the chance to demonstrate to the satisfaction of the world that she was enacting justice and not violence. From the very first the French adopted the attitude of permanent masters, and we have already noted that, despite the fact that by all established rules of international law the territory was still German, the elections of January 19th to the Weimar Assembly were prohibited.

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After the evacuation of Alsace-Lorraine was demanded in the armistice and France given the right to occupy it, the Treaty of Versailles, of course, provided for the cession of the two provinces. But even for the good of the two states the old economic ties with Germany were not broken so completely as the political. For five years Alsatian products were to be admitted into Germany free of customs duty. France not only did not assume any portion of the national German debt that would have been borne by Alsace-Lorraine but she saw to it that Germany had to repay the ceded provinces for exceptional war expenditures that they provided. The great railway development in the world and in Alsace-Lorraine occurred after 1871 and Germany spent vast sums in building the transportation lines in those two states. All these valuable improvements were turned over to France, which did not pay a penny for them.

Austria is indisputably a German country, and the reasons for its separation from the rest of the German Empire are purely historic and dynastic. Austria was for long years the most powerful of all German states and as such enjoyed a hegemony over the other German states. She had all through the years been cluttered with a great mass of non-German holdings. The Great War stripped her of these possessions, leaving only the German Austria. The overwhelming demand of the people of the new Austria was for union to their kinsmen in Germany. And this sentiment was just as unanimously reflected in Germany. The Weimar constitution provided for this ultimate joinder. But the Allies, fearing a stronger Germany than they faced before the war, again flaunted the principle of self-determination in the face of a disillusioned world by imperiously forbidding this move.

The Treaty quite properly created a new Poland to which Germany was compelled to cede her Polish provinces. Upper Silesia, which was to be included among the gifts to Poland, was at the instigation of Lloyd George subjected to a plebiscite. Parts of East Prussia, the districts around Marienwerder and

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Allenstein, were also to become Polish territory if a plebiscite was favorable to that country. The granting of large portions of West Prussia to Poland drove a wedge between East Prussia and Germany. On the basis of a long history of Germanism in both East and West Prussia the Germans bitterly protested turning East Prussia into an exclave. They produced figures showing that in the Polish cessions of West Prussia 744,000 Germans stood over against 580,000 Poles and Kasubians, but without avail. Danzig, an important Baltic port, was shrewdly turned into a free port under a High Commissioner, an Englishman, appointed by the League of Nations. The device of placing purely German interests under an international control organ is frequent in the Treaty. The Danzig measure was founded upon Poland's necessity of having a seaport, although in the case of Czecho-Slovakia a more equitable arrangement was reached whereby Hamburg was made a free port of entry and exit. Memel, another but more northern Baltic seaport, founded by Germans in 1252 and never in the control of Poland or Lithuania, was taken away from Germany to be placed under the League of Nations.

Schleswig like so many other parts of Europe has had a checkered career. It has been in German and in Danish hands. It is reported that the Allies offered this province outright to the Danes, but that the latter desired a vote to ascertain the wishes of the population. It was accordingly divided into three zones, in each of which a plebiscite was to be held separately. The third and most southern strip Denmark voluntarily renounced in favor of Germany.

As regards Russia, the treaty confirmed the armistice demand that Germany renounce all rights obtained under the notorious Treaty of Brest-Litovsk. A clause was also inserted reserving the right of Russia to secure reparations from Germany. Finally Germany was compelled to recognize in advance any treaties which the Allies might make concerning Russia.

Heligoland, a small island some forty miles off the mouth

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of the Elbe River, was acquired in 1890 by Bismarck from England in trade for Zanzibar. To command the North Sea shipping the German Government turned it into one of the strongest fortresses in the world. The dismantling of the fortifications was a requisite of the Treaty.

The German concession in China, Kiaochow, was taken from her without payment for the great public improvements that had been made. It was simply alleged that Germany was not worthy of consideration, since here as in the Belgian cessions she had used the territory as a center of aggression against the Allies.

Every square mile of colonies was stripped from Germany and measures were taken to secure her from ever regaining influence in those territories. It was further prescribed that Germans should not be allowed to settle in their former colonies without permission. This was an effectual hindrance to the resumption of business relations, since business men could be kept out. Nor was the state property here credited to Germany's account under the excuse that the Allied powers who were to take over the mandates for these regions should not be loaded with debts in the public-spirited enterprise they were embarking upon. Finally private property of Germans could be liquidated when and as the Allies chose.

The sections devoted to reparations comprise much space. This resounding name covers the more naked term "indemnity," for what the Treaty of Versailles inflicts upon Germany is nothing else than a levy of tribute. A total that Germany had to pay was not named because the "question was too complex" for a complete fixation at once. The Allies, however, who openly declared that Germany must be handicapped in order to prevent her having an advantage from the ruined state of northern France, may have had other unpublished reasons.

Real reparations might have stipulated the restoration of the French coal mines destroyed by the retreating German army. The German Peace Delegation had declared the willingness of

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its country to undertake the renovation of those mines but went unheeded. The replacement of the ships sunk by the German submarines might perhaps be included under reparations, although the German contention that this mode of warfare was an answer to the Allied blockade cannot be lightly dismissed. The Allies certainly did include such replacement and requisitioned 5,110,000 tons of the splendid German merchant fleet, which consisted of 5,710,000 tons. The tonnage to be delivered was made up of all ships over 1,600 tons, one-half of all those between 1,600 and 1,000 tons, and one-half of the German steam trawlers.

At the time of the signing of the Versailles document there were only one hundred and fifty-seven such steam trawlers and fifty-three luggers in use for fishing purposes. The rest of the fleet was needed for months in sweeping the seas for mines in accordance with the requirements of the Treaty. Despite the very serious, very critical food shortage in Germany, when all the fish obtainable were vitally needed, the Allies inhumanly ordered the surrender of one hundred and forty-six of the two hundred and three boats in fishing use. But further they demanded one-half of all other fishing boats. For a period of five years Germany was compelled to build 200,000 tons of new shipping if the Allies should order it. This was a very considerable part of Germany's shipbuilding capacity and was calculated to prevent her from rebuilding her merchant fleet and competing with the Allies, principally England.

Great numbers of German ships found safety at the outbreak of war in neutral countries who later entered the war on the side of the Allies. Some of these laid themselves open to the suspicion that it was good business to declare war and seize the boats. The ships that were thus captured were turned over by the peace-makers to those respective countries without payment to the Germans.

Finally the Allies requisitioned all river tonnage that came into German hands from whatever sources since August 1, 1914.

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And of the river fleet not included in this division she had to cede twenty per cent as it stood on November 11, 1918, for the purpose of making good Allied losses. Such losses might have occurred by accidental sinking, burning, collision or other causes for which Germany was in no way to blame. Yet she must make them good.

The onerous manner in which the victors carried out their reparation program is well illustrated in the replacement of machinery. Thirty per cent of German equipment in actual use could be taken for Allied reparations. The right to deprive Germany of so much of her industrial equipment might well be explained by the cynical remark of Clemenceau that there were 20,000,000 Germans too many, anyhow.

The coal clauses imposed impossible burdens on Germany. In 1913 there was a surplus of German coal amounting to 32,800,000 tons available for export. Under the Treaty she was obligated to deliver to her enemies 43,000,000 tons. This was a little over ten million tons more than her best year, but in addition she had been punished by severe losses in her coal deposits. She was deprived of a yearly output of 12,000,000 tons from the Saar district, 44,000,000 from Upper Silesia. She would have a reduction in her annual supply of 99,000,000, whereas her highest yearly output, 1913, was 191,500,000 tons.

For three years also France was to receive the following coal products: 35,000 tons of benzol, 50,000 tons of coal tar and 30,000 tons of ammoniac yearly. In chemical products the Treaty obligated Germany to deliver fifty per cent of all stocks existing in Germany at the initial day of the Treaty's going into force. The Allies, moreover, could demand twenty-five per cent of her normal production until January 1, 1925.

Objects delivered up in restitution, such as seized money and valuables, animals, agricultural machines and transport materials, were not included in the reparation totals. The reparations credited to Germany did include deliveries in kind, except war supplies. Private cable lines, the Saar coal mines, the value of

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German holdings in public utilities or public concessions in China, Russia, Austria, Turkey or Bulgaria, as well as all payments made by countries taking over ceded territory for the acquisition of state property formerly German or for assuming part of the German national debt, these were all added to the reparation account. No payment was made nor charged to reparations for railways in Alsace-Lorraine nor for state property ceded to Belgium. No credit was allowed for the colonies or for colonial government property.

Besides reparations Germany had additional payments to make. There was the army of occupation to pay for. The clearing system took money from Germany. This system was a procedure by which German pre-war debts were balanced monthly. If the balance was against Germany she must pay at once the difference. But if a balance came in favor of Germany, the Allies kept the balance until Germany's debts under the Treaty had been paid. Germany had to pay her own citizens for confiscations that the Allies made of German private property in Allied countries. Finally there were to be paid the claims for damages that the Mixed Arbitration Commission decided had been caused by German war measures.

The extraordinary power over Germany that the Allies had written themselves can be seen from Article 251, which gave them the right to determine what food was necessary to Germany. Article 248 forbade the exportation of gold from Germany until May 1, 1921, thus rendering the acquisition of foreign foodstuffs extremely difficult. One of the bitterest things to the Germans was the requisitioning of milch cows at a time when many babies were dying from lack of proper food.

The taking of Germany's cable lines could hardly be adjudged an act of reparation. Poland, Italy, Rumania, Serbia or Montenegro could not properly be enumerated among those to whom reparations were due. The inclusion of military and widow's pensions is an unparalleled demand. The limit of war-

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time coercion hitherto had usually been the naming of a sum to be paid.

The provisions on inland navigation gave the Allies future power over Germany. The principal rivers were declared to be international and placed under the control of commissions, on which non-riparian states were represented. The Rhine, the most important German waterway, carried an enormous tonnage of traffic. A Central Commission, consisting of nineteen members, was to regulate Rhenish affairs. Non-riparian states, like Great Britain and Italy, were represented on this body by two delegates each. In all there were eleven Allied commissioners and eight non-Allied, four of whom were Germans, while two were Dutch and two Swiss. Holland and Switzerland were not consulted by the Allies on the creation of the control commission. The equality of states was abandoned, Germany and France having four votes each as against two votes of any other state. France was given the right to construct river works on the German side of the Rhine for the purpose of taking water for any reason she chose: irrigation, power, reservoirs, but she must pay Germany one-half of the value of any power thus taken. Should Germany wish to erect any such works she would need the consent of the Central Commission. The giving of such great influence to France seemed unjustified in view of the fact that in 1912 Strassburg had only 2.7 per cent of the Rhine traffic or 1,668,578 tons as against Germany's 59,850,502 tons. The Danube was also made an international river, as were the Elbe, the Oder and the Niemen.

Another purely economic measure calculated to impede Germany's recovery was the option the Allies took on twenty-five per cent of all dyes and dye products from July 1, 1920, to January 1, 1925. With this power they had a substantial control of the German dye monopoly. But Germany was especially incensed at Article 240, which gave the Reparation Commission the power to investigate business books. It was feared that in the search after what was a normal production the officials might

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avail themselves of the opportunity to ferret out trade secrets. The victors reserved to themselves the right to use any German patents secured before and even after the war to satisfy the reparation debt. Germany's counter offer to pay a total of one hundred billion gold marks for reparation purposes was refused.

The unilateral clauses in the Treaty were many. Among the one-sided transactions recorded in the peace was the taking away of all German public utilities concessions and all rights in China, Russia, Austria, Turkey, Hungary and Bulgaria. Another was the taking of the Alsace-Lorraine railways without compensation. The Allies reserved to themselves the right to take war-like measures against Germany in the future which Germany must not interpret at war. The judgments of German prize courts were declared invalid, while the Allied pronouncements were sound decrees. Germany must recognize in advance all future measures of liquidation of rights in territories outside of Europe, all treaties the Allies might make in international postal matters, telegraph and radio. The Allies could revive the defunct bilateral treaties or any parts thereof without consulting Germany. If within five years a new agreement on international traffic should be negotiated to replace the Berne Convention of 1890, Germany must sign what the Allies prepared. That Germany was obliged to recognize in advance all treaties regarding Luxemburg has been mentioned before, as well as the same provision with reference to Russia. For five years Germany had to concede most favored nation treatment to all the Allies but got no such recognition in return.

The Treaty of Versailles is lopsided like a wing-shot duck. It effectively disarmed Germany while her neighbors maintained larger armies than before the war. Germany could have no military or naval airplanes and no Zeppelins. The army was reduced to 100,000 and the navy limited to 15,000 men and a few unimportant vessels. A clause was thrown in offhand to the effect that German disarmament was merely a first step in the general laying off of armies and navies. Meant as a fine gesture without

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import, this phrase gave Germany an opportunity to unroll the armament problem after her entry into the League of Nations.

The Treaty infringed on her sovereignty by forcing her to pass all persons, goods, vessels, wagons, and mails from or to the Allies on the most convenient international routes. Although this might only be to prevent roundabout delays, the Germans feared that it could be so construed as to compel the maintenance of old routes, that Czecho-Slovakia, for instance, could protest if the routing used before the war was not kept, or Poland if a canal were built connecting Königsberg and Memel. Germany was forbidden all unfair competition and was bound to destroy all products imitating Allied products or tending to confuse the consumer's idea of its origin.

All privileges or rights accorded to neutrals since the outbreak of the war were to be granted to the Allied nationals so long as those privileges were in force for the neutrals. The most irritating of the clauses was that demanding the delivery of the so-called war criminals. This caused a blazing wrath. The force of circumstances made the Germans swallow this affront, although later they refused to surrender a single person.

All the German protests had little result. The easing of the clauses on Upper Silesia followed Lloyd George's fright. The freedom of transit between East Prussia and the rest of Germany was more clearly defined. The German representation on the Oder River Commission was raised from one to three members and Germany was assured representatives at the conference which should regulate the Danube affairs. The future Rhine-Danube Canal was placed under the international waterways development. The international Kiel Canal Commission was abolished as too flagrant. The clauses detailing the railway lines to be built on German territory were stricken. Finally the property of German religious bodies abroad, such as missionary schools, was not confiscated.

In the whole vast book of provisions and sanctions, punishments and restrictions, in the Treaty, in the German sug-

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gestions and in the Allied counter-reply, there is only one little human touch. Some Allied delegate, more grim than humorous, dryly said that the Germans were unjustly complaining of having no data on the reparations total, since they had had plenty of time to gather the facts in their movements forwards and backwards across that territory. The German delegation made much of the threat that Germany, subjected to too many trials and placed under too heavy burdens, would go Bolshevistic. The spoils to divide were too great for a careful weighing of the possibility. Only the few minor modifications outlined above resulted. As long as the Germans were declared to be responsible for long and carefully planning and precipitating the war any excessive measures could be justified.

The malice prepense of Germany's declaration of war also made the repressive occupation of German territory necessary. That it went much further than the German occupation of 1871 was not material. The Allies gave themselves great rights over the German inhabitants of the districts and also the right of requisition. Article 270 reserved to the Allies the right to apply a special customs régime to the occupied territory. By this plan France hoped to shut off the Rhine district from the rest of Germany by an economic wall and to loosen the bonds between the two parts. It allowed the free importation of French products and excluded the German competing articles. Thus objects of luxury and elegance gained a surreptitious admission to Germany through the French hole in the west, causing great difficulties to the German customs administration and a considerable loss of revenue.

The peace pact attempted to isolate Germany from her former allies. She had made loans and had other claims on Austria, Turkey, Hungary and Bulgaria, which she could use to strengthen her relations with them anew. But she was forced to surrender all her rights and claims against them. A further attack upon her international agreements was the clause compelling her to accept a denunciation of the St. Gothard Railway Con-

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vention if Switzerland should request it within ten years. A high-handed act was that obliging Germany to build on her own soil and solely for the benefit of Belgium a canal connecting the Rhine and the Maas rivers, according to plans that Belgium might present her within twenty-five years. If Germany did refuse, the Central Commission of the Rhine could go ahead with it. This canal was to give Belgium the advantage of avoiding the use of Rotterdam as a port, but Holland was not first consulted by the Allies as to her wishes. A lesser violence was the requirement that Germany turn over railway materials to Poland, although Germany had never taken or received such cars or engines. At the end of the war, in fact, the Poles had seized German rolling stock.

A collection of miscellaneous petty offenses illuminates the document like summer lightning. Germany was directed to turn over the flags and cannons that she had honorably and in the course of battle captured from France during the Franco-Prussian War. But the populace of Berlin defeated this provision by marching to the Zeughaus where the trophies of war were kept, seizing and burning them publicly on Unter den Linden. Germany was put under the obligation of returning within six months the original Koran that had been presented to Kaiser Wilhelm II by the Turkish Government. The skull of Sultan Mkwawa taken by the Germans from German East Africa must also be surrendered, not to the Africans, but to Great Britain.

The craziest stipulation of these petty clauses was that concerning the Adoration of the Lamb. This folding altarpiece, ranking among the most famous of the Flemish school, was begun in 1420 by Hubert van Eyck for a rich Ghent couple but was finished by his brother Jan van Eyck in 1431-32. King Philip II coveted the work of art but contented himself with a copy. It was saved from the crusade against pictures in 1566 and again from a fire in 1641. Emperor Joseph II remarked against the naked figures of Adam and Eve, which caused the church authorities to keep the picture locked. During the French Revolution

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the work was taken to Paris in 1794, but in 1815 it was returned to the Church of St. Bavon in Ghent, where the subscriber had originally hung it in his chapel. The ignorance of the church dignitaries permitted six of the wings to be sold in 1816. For 410,000 francs they were brought to Berlin. Now these honestly acquired masterpieces were taken by force from their rightful owners without a word of payment.

The same fate befell the leaves of the triptych of the Last Supper, another splendid Flemish work of art, by Dierick Bouts, which originally hung in the St. Peter's Church at Louvain but whose four leaves had also landed in Germany, two in Berlin and two in Munich. The van Eyck masterpiece had been in Germany since 1821 and the Dierick Bouts since 1834. Today the spaces where they hung in Berlin are filled with sketches, placarded with the simple notice that by fiat of the Treaty of Versailles they have been turned over to Belgium.

The crowning wantonness of the Treaty is its own numerous violations of international law. The drollery of basing the whole exaggerated severity on the alleged culpability of Germany and her disrespect for law and then in the same instrument committing the most elemental depredations is almost too simple to be credible. But the violations are there. For instance, the Allies curtly changed German citizens into Belgians, although international practice is different. Nationality is a juridic conception and is a voluntary status. A temporary denial of the classification is a breach of law. Even the infamous Congress of Vienna in 1815 did not go to this extreme. The giving of the right to opt to all German nationals within two years does not void the violation of law. The desires of the Germans transferred to Belgium, moreover, were not binding.

The property provisions displayed various breaches of law. By Article 39 the Belgians were given the property belonging to the Kaiser in the districts transferred to them. Judicially he is a private person like every other individual and his property can no more be confiscated without violating the law than any

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other person's. The taking of the Saar mines was a confiscation of property, since part of the mines were in private ownership. The expropriation of the Alsatian railways without compensation was irregular.

The whole reparation section was based upon the notion that Germany's actions during the war were illegal. This is not true. There are many cases where destruction of civilian property is sanctioned in international law. Thus an attack upon a munition plant is in accord with established regulations. Bombardment of defended towns is perfectly legal and it is held by some authors that the presence of a single company of soldiers in a town makes it a defended place. Where the inhabitants of a city are rebellious and offer resistance as the Germans maintain occurred in Louvain an army is justified in destroying the place and shooting all provocative civilians. It is also a confirmed practice of warfare that in occupied territory civilians may be drafted and be paid for their labor only by a receipt which need not even be paid at the end of the war. Levies and contributions from communities are recognized and lawful warlike measures, so long as they do not overstep the resources of the locality and are not in the nature of plunder. Disobedience may be fined. And an army may destroy any private property, such for instance as tools, machinery, factories, crops, if such destruction will tend to assist them in overcoming or hindering their enemy. Sherman's march through Georgia may be recalled. But the Treaty made no distinction and undertook no investigation to ascertain whether any of the damage that Germany was called upon to make good was in the nature of permissible war measures. Nor was a line drawn between those ships sunk rightly and those sunk wrongly by Germany.

CHAPTER VIII

THE TREATY IN EXECUTION

DISARMAMENT

THE determination of the Allies to manacle Germany was first expressed in the Armistice, which stipulated Germany's surrender of 2,500 heavy and 2,500 field guns, 30,000 machine guns, 3,000 minenwerfer, 2,000 airplanes. All naval aircraft were to be immobilized. The navy, the thorn in England's side, had to deliver up all its submarines. Of the surface warships, six battle cruisers, ten battleships, eight light cruisers, fifty destroyers were to be interned in a neutral port under Allied surveillance, or failing neutral ports in an Allied port. Although there were plenty of non-warring harbors, the Allies decided upon internment in Scotland.

The German naval officers were stunned by the terms. The men took the internment calmly. The war was over. They could go home. If the navy wanted them to take the warships to the sad trysting place with the Allied victors, they must pay them a bonus. The Allied ultimatum of November 13th declared that the German ships must run out of their harbors to meet the Allies off the Firth of Forth at five A.M., November 18th. Finally the extra price was agreed upon and the skeleton crews arranged. The first squadron left Kiel on November 17th. It had taken great persuasion and tact on Noske's part to get the ships ready for the rendezvous. At last everything was shipshape. The vessels sailed to avoid the threatened occupation of Heligoland.

The rendezvous was sixty miles out from the British coast.

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The time set was eight in the morning of November 19, 1918. The Allies were waiting. At 8:18 a wireless from the German commander reported that he was unable to make the stipulated twelve knots. Ten was his best effort. At 9:15 the first glimpse of the surrendering fleet was caught. At the masthead flew the battle flag, which was to be hauled down forever that evening at sunset, 5:57. The Allied fleet, the greatest and most powerful ever assembled, waited with decks cleared for action. War suspicion rooted deep. The German fleet passed between Allied battleships in two single columns, twenty miles long. After a few days the ships were taken in small groups from Firth to Scapa Flow, a winter resort in the Orkneys.

The interned German fleet in command of Rear Admiral von Reuter was manned by a shadow crew who maintained revolutionary ideas in the new surroundings. The officers had little control over the men. In February, 1919, the conduct of the crew on board the *Friedrich der Grosse* was so unruly that von Reuter asked the English to send them back to Germany. Great Britain's offer to post sentries to enforce his authority was declined. Four thousand men were sent home in April when homesickness caused a small mutiny.

After the publication of the initial draft of the Peace Treaty at the end of April, the officers and commanding admiral began thinking of rescuing the naval honor of Germany. A plan was agreed upon. During the days of June 17th and 18th the course of action was relayed to every ship by the English mail boat which distributed the letters from home. At first the plan was kept from the crew but they were taken into the secret when they got suspicious.

At high noon, June 21, 1919, the sea cock on each of the interned boats was turned wide open. The great floating forts gradually filled, canted and sank. The British destroyers, noticing something wrong, steamed full speed to the scene. Desperate efforts were made to hinder further sinking but practically the whole \$350,000,000 fleet went to the bottom. The British

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needlessly fired upon some of the crew who were escaping from the sinking boats. The dream of sea power that had led the Kaiser into so many extravaganzas ended in a sensational way. There was secret rejoicing in some Allied circles because the troublesome question of dividing the fleet was solved. A few ships remained in Germany which were to be surrendered within two months after ratification of the Treaty.

The army could not so easily outwit the Allied muzzling. Article 160 stipulated that by March 31, 1920, Germany must have reduced her army to 100,000 men. On February 1, 1920, the Allies estimated Germany's army to have a strength of 430,000 and the quasi-military police 400,000. With the disorders and unrest that Germany was experiencing it would have been impossible for any government to exist with 100,000 soldiers. Consequently on February 18, 1920, Lloyd George notified Germany that the Allies would consent to the army being reduced to 200,000 by April 10th and 100,000 by July 10th. The simple sinking of ships could not be duplicated in the army: the concealing of guns could be and was. The size of the army, however, could not be hidden. On March 31, 1920, therefore, all volunteer corps were disbanded. Regiments were trimmed and pared. Mutiny and open revolt were a consequence. Yet the work went on.

With the best of will it was impossible to pacify the country and cut the forces too radically. The Allies listened to the plea of von Seeckt, the commander of the Reichswehr, at Spa in July and agreed to sanction a force of 150,000 until October 20, 1920. The treaty number of 100,000 must be reached by January 1, 1921. On December 26, 1920, the German Government officially announced that the 100,000 strength had been reached. Conscription was abolished on July 31, 1920, as demanded by Article 173 of the Treaty.

After coöperating with the Allied Commissions in the destruction of the designated war material and the forts, notably Hel-

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igoland, Germany in 1922 requested the withdrawal of all commissions on the ground that she had fulfilled all her obligations. Her request was refused. Those bodies suspended activities during the Ruhr invasion but resumed them thereafter. Again in March, 1924, Germany demanded their removal. The Allies agreed, if five points, including secret training, military training of police, patriotic organizations, were met. Germany cried obstruction. The Allies were still unwilling to release their clutch. Finally at Locarno liberation from these control bodies was arranged.

THE BALTIC

After the Russian Revolution in 1917 Germany invaded the whole Baltic region and under the Brest-Litovsk Treaty of March, 1918, kept the land in occupation. Germany in her turn collapsed and the 8th Army Division, which was left behind after the younger corps had been transferred to the west, began to disorganize. As soon as the Armistice was announced the Baltic provinces declared their independence from Russia. But the German forces did not leave. Article XII of the Armistice stipulated that "all German troops at present in the territories which before the war belonged to Russia shall likewise withdraw within the frontiers of Germany defined as above as soon as the Allies, taking into account the internal situation of these territories, shall decide that the time for this has come." The Bolshevik troops had followed closely on the heels of the retreating Germans. The subverting influence of the Communists was now a worse danger than Germany. The Allies were ready to use any weapon against the Bolsheviks. They, therefore, permitted the German forces to remain "until the Allies shall decide that the time for this [withdrawal] has come." A like clause appeared in the Peace Treaty.

The German army of occupation was reorganized. Winnig, who was sent to this country as German Commissioner, attempted to reorganize the fragmentary 8th Army Division without suc-

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cess. Persuading the Latvian Government that matters could be saved by suitable premiums to German soldiers, he received on February 3, 1919, a charter which promised to give every German who enlisted Lettish citizenship and a large grant of land. With this reward as bait Winnig recruited thousands and thousands of young soldiers eager for the nucleus of an estate. The notorious Iron Brigade was formed.

The landed proprietors, mostly German, alarmed by the communistic revolution, armed themselves. They formed the landwehr, or militia, to protect their estates and to dabble in government on their own account. They decided that the best way to secure their interest was to seize control of the government themselves. On April 14th they staged a coup which brought a mild note to Berlin from the Allies. The latter did not breathe fire on the eastern questions. They feared the Bolsheviks too much. Germany replied that her troops had nothing to do with the coup. The Allies were not satisfied. On May 4th they demanded the removal of von der Goltz but not of the army. Despite the Allied protests von der Goltz remained in command of the militia. But on May 5th all recruiting for the Baltic was forbidden in Germany.

Instead of going, General von der Goltz extended his operations. He invaded Esthonia but was beaten back by the Esths. Avalov-Bermond, one of Kolchak's subordinates who was in close contact with the Germans, attacked Riga on October 18, 1919, and held it for a few days. This was going too far and the Allies seized six German merchant ships plying in the Baltic to emphasize their demand that von der Goltz be discharged to stop his intrigues. On October 12th he put his troops in command of General Eberhardt. He himself continued to direct matters *sub rosa*.

The local, Baltic governments were getting things into their own hands. The Germans lacked supplies to make effective their power. Their appeals to Berlin were refused. The Allies were exerting pressure on Germany and threatening a reimposition of

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the blockade. November 1st, the German Government declared that every soldier in the Baltic who had not crossed the German frontier by the 11th would lose his citizenship and be branded a traitor. The higher officers were threatened with a loss of pension. By the end of November the Germans had been thoroughly defeated. Defiant and raging, they returned to Berlin. On December 5, 1919, the Iron Brigade arrived at the Döberitz camp near Berlin, starting a fight with the police immediately. They were in a bad mood with the soft, Socialist government that had refused them aid. They blamed the government for their failure to achieve the fine properties which they had anticipated in the Baltic.

ALSACE-LORRAINE

During the war Germany could not make up her mind to a loss of Alsace-Lorraine. Those provinces were untouchable. But the collapse made it evident that one of the inevitable consequences would be a surrender of these two states. In view of the Allies' support of the principle of self-determination, however, much hope was held that a more favorable outcome than complete cession would result. The refusal to permit the holding of elections for the National Assembly by the occupying troops made it clear that there was no intention of ever giving up the country.

In discussing these two states a distinction must be made between them. Alsace is separated from France by a mountain range, a fact that makes it a geographical entity. Historically, also, it has had a separate existence. Its past dates back to Roman times, when it was a province in the empire. With the decline of Rome it became Celtic with Roman influence. Later the Frankish element entered. In the tenth century the German influence began to supplant the Frankish. Alsace remained German in character until 1679, when the aggression of Louis XIV brought it under French sway. For almost two centuries France governed the province, but the German character of the country

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remained. In 1871 as a result of the Franco-Prussian War it was added again to Germany.

Lorraine has no connection historically with Alsace. For centuries it was a separate and independent duchy allied with the Holy Roman empire. With the rise of the French nation to glory and prestige, French tendencies began to appear in Lorraine. We must remember that the whole world looked to France and imitated her. But despite the intrigues Lorraine remained outside France until 1766. It was French soil until 1871. Today it is an industrial region, bearing the stamp of such localities. Thousands of Italians and Poles find a livelihood there.

In their administration of Alsace-Lorraine the Germans had made more than one grievous mistake which alienated the people. The French Revolution had found quick sympathy in the two states, and the liberty they enjoyed was highly prized. Germany imported too many officials from Prussia whose stiff-necked bureaucracy was disliked. The population continued to look to France for liberty. Consequently, when the French troops began occupying the two states after the armistice, they were greeted with great enthusiasm, spontaneous and turbulent. On November 15th the French entered Mülhausen; on the 16th, Colmar; on the 17th, Metz; and as a climax they marched into Strassburg on November 22nd. Joyous delegations advanced to meet the liberators. It was a week of holidays. At this time a plebiscite should have been taken, for it would have returned an overwhelming majority for France.

The first thing that the French did was to order the deportation of the Germans. This was begun immediately after their arrival. A summary notice with a time limit of twenty-four or forty-eight hours was served upon German inhabitants. The German professors at the University of Strassburg were among the first to be ousted. Some of them even had to depart in their nightshirts. The deportees were permitted to take with them only what they could carry. Household goods and property had

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to be sacrificed. Fortunately, after the ratification of the Peace Treaty on January 10, 1920, a more humane régime was instituted under which five days' notice was given. The contrast with the German methods of 1871 is in favor of Germany. All those who did not want to acknowledge Germany as sovereign were given eighteen months, until September 30, 1872, when forty-five or fifty thousand left Alsace.

Millerand was appointed High Commissioner, bringing to his task a great measure of wisdom. He proceeded slowly and wisely. He realized that France was a highly centralized government, while Germany was decentralized. The years under Germany had made the "lost sons" accustomed to the German form of administration and strange to the French. At first the French introduced too many "interior" French officials who could not talk German, for the tongue of the people continued to be German as it had been since the tenth century. And it took two of these new officials to do the work of one of the old German bureaucrats. France declared that as soon as the Alsatians learned the French system they would be employed and, in fact 56 per cent of the civil service employees are Alsatians, while under Germany only 33 per cent were natives.

The school question became at once a serious problem. French was to be introduced at the outset, but the difficulty was that the children did not understand French. The direct or natural method of teaching French was adopted, in which the teacher uses only French in talking to the pupils. This retarded the educational progress of the children very appreciably and caused great dissatisfaction, for the people had been given a very fine educational system by Germany. The children went to school without understanding what the teacher was teaching. As the pupils left the schoolhouse, German commenced at the doors. Whatever their sympathies for France were, and they were great indeed, the majority of the population remains Germanic. A story illustrates the results obtained under the "direct" system. A child came home from school and asked in German, "Vater,

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was ist ein 'œuf'?" (Father, what is an "œuf?"—"œuf" being the French word for egg.)

Eighty-five per cent of the Alsatians use the German language as their vehicle of communication. The Germanic character has necessitated the use of that tongue in the courts and other official places. When the Consultative Council met the High Commissioner, French was the language used but when the City Council, containing some of the same men convened, German was the medium. So too at Colmar, at Mülhausen, Zabern (Saverne), at Hagenau, at Schlettstadt (Sélestat) and even in Thann, which was inside the French lines during the war, the city councils use German. A walk down the streets of Strassburg will convince anyone who knows French and German that the people prefer German. When Karl Hüber, who is now Monsieur Charles Huber, was elected to the French Parliament, he announced that he would talk German in that body because it was the only language he knew. But France is determined that German shall be stifled and reduced to a dialect like Breton. German theaters are prohibited. The children at the expense of their education must learn French in the schools.

The worst friction developed over the church question. The Alsatians are firmly Catholic. France is officially and reputedly irreligious. The separation of Church and State had taken place in 1905. Germany had shown great consideration to the provinces in the religious issue. The French desire to bring the provinces to the same status as the rest of the country brought about Herriot's proposal in 1924, when he was Prime Minister, to drop the French representative at the Vatican. A storm of protest arose in Alsace and Lorraine. The inhabitants began to ask whether it was not time to demand the plebiscite that the Treaty had neglected. This was the real beginning of the home rule movement in Alsace. In November, 1925, the Alsatian Congress meeting in Strassburg demanded home rule.

Thoughtful Alsatians recognize that independence is impossible with so many frontiers and greedy neighbors, but the home

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rule agitation remains. It is nourished by the church controversy and by the attempt to centralize the administration. Thus the railway administration was transferred to Paris from Strassburg and the administration of civil and criminal justice as well as the excise and the telegraph and posts. The slump in the franc added to the discontent. The transfer of sovereignty was, moreover, attended by an increase in the number of uncultivated acres, while the manufacturing branches fell off. The glamor of France seen from a distance and through impassable barriers had worn off. The provincials now appreciate very thoroughly the German benefits. The social insurance system established by them has been adopted by France, so that the Alsatians get this advantage. So too has the German civil code been retained, although the French criminal code is in force. This forces the lawyers to know both legal systems. The straitlaced German administration was severe, but it had its good points and today the people clamor for less liberty and more order.

The unrest in Alsace grew to such proportions that the French Government became seriously alarmed, even panicky. Singling out the leaders, it began a great campaign in the courts to discredit and checkmate their actions. On Christmas Eve, 1927, hundreds of homes were raided to strike terror into the hearts of people active in the Heimatbund, the movement for home rule. A week later, on New Year's Eve, twenty persons were arrested and put in jail, where they sat two weeks without a hearing; nor were they released before the trial began. Finally in May, 1928, the leaders went on trial for being German agents in a conspiracy to create an armed rebellion. After three weeks of political duel four of the indicted were sentenced to one year in prison, although no evidence was produced to show any connection with Germany. While the accused sat in jail awaiting trial, two of them, Ricklin and Rossé, were elected to the French Parliament, a clear indorsement of their actions by the people of the province.

A similar popular disapproval of official French action was

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recorded in the municipal elections of Hagenu, where the city council refused to obey Paris orders on the display of flags. The council was dissolved and new elections held which resulted in a reëlection of the city officials reprehended by Poincaré.

The loss of Alsace-Lorraine was a distinct blow to Germany, for the latter province particularly was rich in minerals. In 1913 Germany had used 35,000,000 tons of iron ore, 28,500,000 of which came from Lorraine. German Lorraine contained two-thirds of the German ore deposits. In that year Alsace-Lorraine produced four-fifths as much pig iron as all France, fifty per cent as much steel, and more semi-finished steel and iron products. The other valuable raw material that was found there was potash. Near Mülhausen is the world's most valuable deposit. Some 300,000,000 tons of pure potash lie there. A small amount of crude oil, about 50,000 tons, is produced there annually, also.

The Germans think that time is with them. They feel that the French do not possess the requisite organizing ability to exploit their advantages. But it is always impolitic to underestimate a rival. Perhaps a more cogent argument in Germany's favor is the fact that iron ore or pig iron goes to the coal and seldom vice versa. The Ruhr coal fields are the natural ally of the Lorraine ore. Before the war in 1913 four-fifths of all the coke imported into France came from Germany. The Ruhr coal is particularly well adapted to coking, while France has very little coal which lends itself to such purposes.

While France has been awarded the Saar coal district for fifteen years this coal, like the French coal, is not a good coking base. France in 1913 produced 41,000,000 tons of coal but consumed 63,000,000. Four-fifths of her coke came from Germany. Today she controls the iron ore but Fate has given Germany the upper hand. The interdependence of the two countries has been recognized and accounted for by the Steel-Makers Cartel, which has brought the manufacturers of France and Germany as well as Belgium and Luxemburg into agreement on the quotas of their production.

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THE PLEBISCITES

Schleswig

The principle of self-determination, sadly rebuffed in flagrant instances of the settlements, got its first public test in Schleswig. After the war became a matter of staying power, strong feeling developed in Denmark to demand from Germany the alleged Danish portions of Schleswig. Nothing came of it until Versailles, where the Allied largesse was so bountiful that Denmark had to restrain the exuberant almoners. Denmark, desiring only such territory as incontestably wished to become Danish and recognizing the third and most southern zone as indisputably German, with wise moderation disavowed any claim to that strip.

One month after the ratification of the Treaty of Versailles, on February 10, 1920, the first plebiscite took place in the first or northern zone, which decided by a vote of approximately three to one to return to Denmark.

For the second vote of March 14th great preparations were made in both countries because the important seaport of Flensburg was affected. In Germany the trains leaving from Hamburg were sent off to the tunes of bands and the songs of jubilant crowds. The celebrations continued all along the route with the passengers singing "Deutschland über Alles" and other national songs. The enthusiasm of the outbreak of war was reënacted. The Noske Guards left Flensburg on January 25th and the Danish Chief of Police took over the duty of policing the city. Machine guns were scattered on every important corner in the city. The voting, however, was without incident. Sharp words were passed and premature bravado expressed but when the last vote was counted there was no doubt in any mind. 48,148 votes had been cast for Germany and 13,025 for Denmark.

Observing the same wisdom which prompted them to refuse the third zone the Danish people were satisfactorily convinced that the second zone ought not to be incorporated into Denmark. It may be of passing interest to note that Denmark has had a

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dubious time in the northern zone that she annexed. Cornelius Petersen and a large following have waged almost open rebellion against their new sovereign. The leader's speeches and pronouncements have been perilously near to treason and in many other countries would have been sufficient to give him lodgings in prison.

East Prussia

Two districts in East Prussia had been marked out for a plebiscite, although Germany vigorously protested that there was nothing to vote over. And the results in both the Allenstein and the Marienwerder voting substantiated her contention. The people, although of Slavic blood, had avowed the Protestant faith for centuries. Poland had no attractions for them. They voted almost unanimously to remain German. The results of July 11, 1920, were approximately ninety-eight per cent for Germany. Nevertheless, Germany was not awarded the entire district. She merely got most of them by an award of July 26, 1920. The Council of Ambassadors on August 12, 1920, and January 27, 1922, decided that under Article 97 of the peace pact five villages east of the Vistula River should be given to Poland.

Eupen and Malmedy

The arrangements for Eupen and Malmedy were hardly a plebiscite, although a "public utterance" was foreseen. Article 34 of the Treaty provided that "during the six months after the coming into force of this treaty, registers will be opened by the Belgian authorities at Eupen and Malmedy in which the inhabitants of the above territory will be entitled to record in writing a desire to see the whole or part of it remain under German sovereignty. The results of this public expression of opinion will be communicated by the Belgian Government to the League of Nations and Belgium undertakes to accept the decision of the League." So was the fair principle of Wilson despoiled. If the people in their "public expression" should be contrary, the League

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could give it to Belgium nevertheless. For, there was no clause binding the League to accept the wishes of the inhabitants.

But the Belgian authorities saw to it that there would be no need of the League being under the embarrassing necessity of overruling a "public expression" of the people. The procedure had been left conveniently abstract. Registers were dutifully opened in Eupen and Malmedy as provided. But nowhere was it prescribed how long the registers must be open. With great consideration for the election clerks the offices were opened on working days from ten to twelve in the morning and two to four in the afternoon. For workmen little thought was given. Sundays from ten to twelve was their only real opportunity.

The hardy ones who dared to register were taken one at a time. The number of minutes available in the six months during the office hours was 81,120 for both cities. Allowing ten minutes to a voter, only 8,112 could get their names onto the register. Yet the voters totaled 33,750. The officials, moreover, drew out the procedure much longer than ten minutes. One man came into town on the railway at 9:30 in the morning and by noon only six people had been taken into the office. At twelve the office closed until two and he had not yet been called. Not only was the registration drawn out but it was made practically impossible. An old man of seventy walked into the city to register. The authorities tried to dissuade him by fair words and veiled threats, but he insisted. Then the commissioner discovered that he had left the key to the book home. The septuagenarian had to walk home.

The Belgians took advantage of the economic situation. The Eupen and Malmedy districts had no industries. The inhabitants had earned their living in Aix-la-Chapelle, the nearest large German city. Although the Treaty separated Eupen and Malmedy from Aix-la-Chapelle by a new boundary, the workmen were constrained by the lack of industries to continue their labor in that city. Every day they rode to work from their homes. On

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February 25, 1920, the Belgian Commissioner issued a circular announcing that those who registered would not be permitted to:

1. Change marks into francs;
2. Receive Belgian food supplies;
3. Get the three-language stamp on their passports;
4. Obtain export and other permits.

Practically all of the men worked in Germany. They were paid in marks, which they would be unable to change into francs to buy food. If they lost their jobs, they would be unable to get public relief. Without the three-language stamp they would be unable to cross the frontier to Aix-la-Chapelle.

It is no wonder that in Eupen, where there were 14,000 qualified voters, only 208 inscribed their names in the rolls. Nor is it strange that only 58 succeeded in making a "public expression" in Malmedy, where 19,750 had the right. In two districts with some 62,000 population, of which 9,600 acknowledged Walloon blood and 51,400 German, 266 Germans succeeded in voting.

Germany protested to the Allies in vain. The League refused to act until the report on the voting was received from Belgium. A local deputation which intended to lay its case before the League was not permitted to start. Shortly after the Belgian Government sent in the results of the registry at the expiration of the six months, on July 10, 1920, the German Government laid a white book on the methods employed before the League. The Brazilian Ambassador to France, encharged with investigating and reporting on the accusations, whitewashed the Belgian practices. His "impartial" review confirmed Belgium's right to the districts. Although Germany laid further proofs before the authorities, these were impatiently disregarded.

Silesia

Since as a matter of public law all German territory remained German until the ratification of the Treaty, Germany continued to administer Silesia until the Treaty went into effect. That

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document itself provided that Germany must evacuate the territory within fifteen days after ratification. During August and September, 1919, the Polish population of Silesia revolted. Hörsing, the German Commissioner to Silesia, suppressed the movement with great difficulty. In November of that year the Poles won the elections. On the basis of that vote, they pleaded with the Allies to cancel the plebiscite and turn over the province to Poland. The plea was refused.

The French offer to police Silesia was accepted, so that the Allied Control Commission arrived on the scene February 12, 1920, accompanied by some 15,000 French troops and 2,000 Italians. General Le Rond, a Clemenceau man and a skillful diplomat, was appointed High Commissioner. Headquarters were established at Oppeln. British troops were not sent until March 4th, when England sought to check French action. Already at the Peace Conference sides had been taken on the Silesian question. France with the policy of strengthening Poland and weakening Germany had befriended Poland. England and Italy favored Germany.

Korfanty, who had been a deputy in the old German Reichstag, conducted the Polish election campaign, which began even before the arrival of the Allied Commission. He set up his headquarters at Oppeln. The German headquarters were in Kattowitz. On the one side were the Polish laborers, both agricultural and industrial; on the other were the German landowners, traders and manufacturers. The Poles appealed to the racial and religious prejudices of the electorate; the Germans pointed to the financial and political backwardness of Poland. The campaign was bitter and marked by fantastic visions of the Virgin Mary interceding for Poland.

The controversy over the disposition of Silesia raged around the world. German intelligence and capital had developed the country. The Poles had furnished the labor. Germany maintained that Silesia was a necessity to her economic life, especially if she were to pay reparations and even more particularly if she

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were to lose the resources of Lorraine. Poland's argument was that she was young and needed the valuable deposits to give her a start in life.

Finally on Sunday, March 20, 1921, after charges had been hurled and hurled back again, the plebiscite took place. The old German voting kreise or circles were employed. Two hundred and twenty-seven special trains brought back Germans then living elsewhere. All persons born in Silesia before January 1, 1900, were permitted to vote. The results were that 716,408 favored Germany, while 471,406 elected Poland. This was equivalent to a sixty-two and one half per cent vote for Germany. The country was divided into 1,280 communes, of which 683 voted German.

The terms of the Treaty of Peace were drawn so loosely that the Allied Powers could reach no decision on the voting. The Treaty provided that the number of votes cast in each commune was to be considered but also that the economic and geographic conditions were to be taken into account. Unable to reach a decision as to the disposition of the province, they left the matter in abeyance.

Before the plebiscite the Allies had agreed only on one thing: that the country must go to either Poland or Germany as an indivisible entity. Division would damage the province more than misrule under either Poland or Germany. Its economic interests demanded its being kept together. Under this plebiscite Germany with the sixty-two and a half per cent of the votes would get it. But France argued from the vague wording of the Treaty that the reference to the "votes cast in the communes" clearly meant that each commune must go to the country for which it voted. This was not feasible since Silesia would become a crazy-quilt: patches here Polish and there German, without connection with either country or themselves. Administration and industrial life would be impossible. Each side clung to its position.

On Saturday afternoon May 1, 1921, a rumor spread that Rybnik and Pless, two districts rich in unexploited coal, had

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been awarded to Germany. Since the voting in these regions had been heavy for Poland, an angry stir began at once. Three hundred thousand Poles went on strike. The strike quickly developed into a revolt. By May 4th the revolvers had occupied all but the large towns in Silesia. It was the moment Korfanty had been striving to reach. General Le Rond had conveniently gone to Paris. The French troops gave way before the Polish rabble without resistance, as though by agreement. The Italians on the other hand put up a brave fight and retook the cities of Kattowitz and Beuthen from the insurgents. Seventy Allied soldiers were killed in the uprising.

Germany was thoroughly alarmed. If the threat of the Allies prevented the actual sending of the German army, the cabinet could at least decide to send an army if the Poles invaded any German territory or portions of Silesia that were to become German or if the Allies requested German aid. Lloyd George, the champion of German rights in Silesia, warned France and Poland in a speech in the House of Commons on May 13th, emphasizing that Polish excesses such as the coup at Vilna must stop. He offered to use German troops, if the situation was not remedied. France was furious.

Forbidden the aid of the German army by the Allies the Germans organized a local defense body, the Selbstschutz (self-defense). This was a little slow in forming because the men had to come from all parts of Germany. The defenders came even from Austria, which felt a great solidarity with Germany. France, of course, did not let the opportunity pass without raising the cry of militarism.

By May 21st the Germans had gathered enough strength to begin a counter-offensive, the energy of which carried them five miles into the Polish lines. The following day the success was continued. The battle line lay along the River Oder. Machine guns alone were employed, neither side possessing cannon. The Poles were a mob of untrained and uneducated workers fired by the propaganda of Korfanty. The Germans were determined

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men with better organization than their adversaries. They were able to beat back the Poles wherever they set themselves to the task. They took the bridgehead at Gogolin on the east bank and advanced fifteen miles, easily taking Annaberg, an impregnable stronghold which a handful of men could hold against an army. On May 24th General Hoefer was made leader of the German forces. The French did what was in their power to make his position difficult. With benevolent eye they oversaw Polish gun running but diligently ferreted out German supplies.

In the week of May 30th British troops began to arrive. The Germans, having checked the Polish land-grabbing, began to slow up. The arrival too of the British troops in whom they had confidence made them willing to stop. The energetic French warning that the Ruhr would be invaded if the self-appointed defenders were not recalled, had a checking influence. The German owners of the coal mines and industries feared, also, that their property might be destroyed. A form of armistice between Hoefer and Korfanty was signed through Allied mediation on May 28th. Germany in fear of invasion exerted pressure on Hoefer to withdraw, but he refused any compromise beyond an armistice.

On June 7th the British troops began their task of separating the contenders and gradually pushing them out of the country. This maneuver of the British was so successful that on June 10th Korfanty agreed to withdraw if Hoefer would do likewise. The fighting between the two populations was still going on as late as June 12th. By July 6th the evacuation of both the Polish and the German volunteers was well under way.

All the time France had been conducting a violent campaign against Germany. On July 17th she demanded permission for French troops to pass through Germany on their way to help Poland. Germany asked whether this was a French or an Allied request. After some strained relations England and France patched up their difficulties in face of the common enemy sufficiently for England to join in making a like request on August 1st.

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On August 8th the Supreme Council met in Paris to decide the Silesian question. The French plan which had been advocated in aid of Poland, the British plan which favored Germany and the Italian which compromised between the two, were the three possible solutions. The differences between the Allies were insurmountable, so that it was decided to turn over the whole problem to the Council of the League of Nations. The Council assumed the task and appointed a special commission whose report was made on October 12, 1921. Eight days later the League unanimously accepted the findings of its special commission.

The League decision which followed the Italian plan rather closely caused great indignation in Germany and the resignation of the Wirth cabinet on October 22nd. Germany had cause to be dissatisfied. The mining triangle, an economic unit, was cut in half. Tarnowitz, Beuthen, Königshütte, Kattowitz, Hindenburg, Glewitz, forming the industrial heart of Silesia, were divided. Violence was even done to the results as registered in the plebiscite. Kattowitz, which had voted eighty-one per cent for Germany or 22,744 against 3,500 for the Poles, had nevertheless been awarded to Poland. Königshütte, which had favored Germany by seventy-eight per cent or 31,864 versus 10,764 Polish votes, also went to Poland. Furthermore, although sixty-two per cent of the votes had been German, Germany got only forty-nine per cent or 965,000 of the population. Eighty-six per cent of the coal resources, worth three billion gold marks, was lost. Of the sixty billion tons calculated to exist in Silesia, German got five and one half billion. Before the war one-fourth of the German coal had been mined there. There were sixty-one works producing coal, of which forty-nine and a half went to Poland while only eleven and one-half were delivered to Germany. All of the German lead deposits were lost. Sixty-three per cent of the zinc that Germany produced was gone.

The details of the separation were worked out between Germany and Poland after long discussions. A convention was

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signed in Geneva during May, 1922, and ratified the following month. The Allied troops turned over the respective territory to the two countries in July. An economic condominium attempted to moderate the shock of dividing the business interests. But despite the lengthy convention which endeavored to take every eventuality into consideration heated dispute quickly arose. No sooner had the occupying army left than Poland seized the nitrate factory at Chorzow, which the German Government had erected there during the war. The plant had been sold to private persons in 1919. Germany brought the question before the International Court at the Hague, which in several decisions found Poland's action unjustified. Poland, nevertheless, clings tenaciously to this property.

Just as she expropriated the Chorzow Works so Poland has confiscated the estates of German landed gentry. These incidents too have found their way to the Hague, where some confiscations have been found legal and others not. Although the minorities in these provinces have been placed under the ægis of the League of Nations, the Germans have abundantly brought their grievances to the attention of the world. Outrages, beatings, destruction of property, have been frequent.

But the worst complaint that the German population makes is that the children are not freely permitted to attend the German schools. The Poles are very anxious to get them, by fair means or foul, into the Polish schools. In the fall of 1926 an increasingly large number of children were registered by their parents for the German schools, a fact that irritated the Poles. Many of the registrations were of Poles themselves. This can probably be explained by the excellent German schools. The German educational system has not its splendid reputation falsely. The Polish authorities refused to let a large number of the registered pupils attend the German schools. The Germans brought the matter before the League which compromised the affair by putting the examination of the language of the children in the hands of neutral foreigners. Germany again showed the

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conciliatory feeling that she has steadily displayed since the Dawes Plan went into execution.

Another exasperating practice of the Poles is the deportation of Germans. The well-calculated campaign is to drive the Germans out of the province. Men who have gained their livelihood for years in Silesia, men who have guided the destinies of industries, are turned out. This procedure and the violation of the minority's rights as illustrated in the school question brought about a rupture in the Polish-German negotiations for a commercial treaty. The two countries have been carrying on a tariff war for years. Efforts are being made to regulate the differences so that normal trade relations may be resumed. Germany is naturally one of Poland's best customers. On the other hand the former draws much from the latter. The logical interdependence has been broken and abnormal feud has replaced it. Again and again the discussions have shattered upon Poland's refusal to accord the Germans a right to domicile in Poland. Without this right Germans cannot open offices and send permanent representatives with security.

THE WAR CRIMINALS

The charges of violation of international law were heaped upon Germany from the first day of war when she marched through Belgium. Along with debatable accusations a mountain of unjust indictments accumulated. The worst and least true was the impeachment of the nation and the Kaiser as the authors of the war. Unnecessary cruelty and wanton barbarity occurred in the German army but no sensible person would assert today that the Teutonic forces had a monopoly on sadism. Deed for deed, act for act, every crime can undoubtedly be matched with an Allied violence.

The German conduct of the war found its critics at home as well as abroad. Rosa Luxemburg was sent to jail early in the war for maligning the German officers. The feeling was not isolated. There was more protest by far against their acts than

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there was criticism in Allied countries of Allied excesses. Few were the level-headed persons here who had the sense and courage to realize and say that human nature is identical the world over. In Germany, months before any formal indictment had been returned by the Peace Conference, a lively public debate on the subject of the advisability of extraditing and trying the Kaiser was held on January 22, 1919, in the Reichstag. The galleries were full of interested people of all ranks. Both of the debaters condemned the sovereign, although on other grounds than those of the Allies. They both recognized the danger of permitting him to be a martyr. The Socialists of all shades were active critics. They were opponents of the old régime and cared little what happened to the ex-monarch. The Socialists in both camps were fundamentally against the war, no matter how staunchly they stood by their respective countries in distress. A French Socialist, Vaillant-Couturier, in February, 1920, prepared a long list of French atrocities.

A Commission on the Responsibility of the Authors of the War and on the Enforcement of Penalties was created by the Peace Conference. This committee read its report to the plenary session of the Conference on April 28, 1919. It was a formal repetition of the stereotyped charges and of Germany's deliberately planned aggression. Lansing refused to concur in the findings, which demanded the extradition of the Kaiser and hundreds of other Germans. Such action had no warrant in international law, he declared. Nevertheless Article 227 of the Treaty formally charged the Kaiser with "a supreme offense against international morality and the sanctity of treaties." Article 231 with its declaration of "the war imposed upon them by the aggression of Germany" is the sole guilt clause, which today stultifies the high framers of that document. The Kaiser was to be tried by a special tribunal of five judges drawn from the United States, Great Britain, France, Italy and Japan. The accusers were to be the judges too. No modern system of justice would tolerate such a principle for a moment.

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Pursuant upon the rights under Article 227 the Supreme Council in the name of the Allies dispatched a note under the date of January 15, 1920, five days after the Treaty had been ratified, demanding the Kaiser's surrender from Holland. That monarch, whose precipitous flight on November 10th we described in Chapter I, had taken refuge with his friend, Count Bentinck at Amerongen, not far from the German border. The Dutch reply refused satisfaction to the Allies on the ground that she was not bound by a treaty to which she was not a party. On February 14, 1920, the Council of Ambassadors, which took up the duties of the Supreme Council after the latter's dissolution on January 20th, sent another note requesting the delivery of the arch criminal and expressing surprise that not one word of disapproval for the Kaiser was found in the Dutch note. On March 5th the Netherlands again rejected the demand, declaring such request incompatible with her sovereignty and national honor. But in response to the fears of the Entente that Amerongen was too near Germany and that he might step across the border to engage in revolution, he was moved on May 15, 1920, to Doorn, and the Crown Prince to the Island of Wieringen. There to the great relief of the Allies, who would have been embarrassed to dispose of the monarch had they received him, the matter ended. Ever and anon Wilhelm the Last issues a solemn warning to the world on how its affairs must be managed lest disaster overtake us. Instead of a martyr he has become a garrulous prophet. The change has been all for the good of the world.

Along with the Kaiser a long list of accused, descending from the highest generals like Hindenburg and Ludendorff to the meanest private, were to be tried. Under Article 228 Germany had to agree to turn over for trial before military tribunals of the Allies any persons who were demanded. While there was an extraordinary body of fine-minded people who condemned the wanton acts of their own soldiers, the majority of the Germans were normal nativists. The refusal to deliver accused soldiers to their enemies had been one of the two exceptions that the

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National Assembly made in its authorization of conditional acceptance of the Peace Treaty on June 22nd. This was in response to the vociferous outcry of an outraged people. The base degradation had to be swallowed, nevertheless. But the feeling against the Allied assault did not diminish. On November 5, 1919, the German chargé in Paris called attention to the serious consequences that would follow an enforcement of this clause. Soon after on January 25, 1920, Germany proposed to the conquerors that the trials of the alleged criminals be before German courts. A week and a half later, on February 3rd, as though in answer, the Allied list of some six hundred accused was delivered to the German chargé d'affaires with the request to forward it to his government in Berlin. The German diplomat refused to do it. The Allies then delivered it themselves. On the 13th of the month the Allied Conference in London accepted in principle the offer for trial in Germany.

In the meantime, with the publication of the names of the indicted the high German criminals, including Hindenburg and Tirpitz, announced that they would not willingly be tried by an Allied court-martial, but that they would voluntarily present themselves for trial before a German court. On March 2, 1920, the Inter-Allied Justice Committee prepared and on May 12th it published a selected list of forty-six criminals who were to be prosecuted first. In answer to this the German Minister for Foreign Affairs, Hermann Müller, announced in the Reichstag that his government had a list of 312 pages against French soldiers and 69 against the British, which would not, however, be presented against them for the time being. On July 5, 1920, the Spa Conference formally notified Germany that the Entente would accept Germany's proposal for trial in her own country. The right to a retrial in the Allied countries if the outcome was not satisfactory was expressly reserved, however.

Since even such lopsided accusations as the Peace Treaty had foreseen must at least grant the accused the right of defense, the Germans had been given the privilege of collecting evidence

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in the Allied countries, Belgium and France, where the crimes took place. By May, 1921, everybody was ready for the trial. Germany had passed a special law giving the highest tribunal, the National Supreme Court, jurisdiction in this matter.

The trials opened in Leipzig on May 23, 1921. The British cases were tried first, the Belgians next and the French last. The British had selected six cases, all against subordinates, not against a single commissioned officer. But the charges were carefully chosen. They were brought against prison guards and other low ranks. Five of the six British accused were convicted. The English witnesses were accompanied by competent lawyers but they never felt the necessity of intervening in the proceedings. The President of the German Court, upon whom fell most of the work, performed his delicate task with scrupulous fairness. The British delegation, particularly the trained lawyers, was unanimous in its praises.

Belgium presented her complaints next. They were represented in this preliminary test by one case. It failed of conviction. France had five accusations to offer. Only one of these succeeded. After the acquittals, the French delegation was abruptly withdrawn from Leipzig as a protest against what it chose to regard as a miscarriage of justice. And with this recall the whole grandiose scheme of one-sided international morality fell to the ground. Nothing more was heard of the matter.

CHAPTER IX

THE KAPP PUTSCH

THE peace treaty so hotly debated and so coldly dispatched at Weimar nowhere stirred such passion as in the army, both among the men and among the officers. The officers with one accord were ready to resign rather than support a pusillanimous government which would sign. They could not tolerate the debasement that the Treaty inflicted upon the nation nor the reduction that it imposed upon the army. A half-million men still found food and shelter in the ranks but four hundred thousand saw the wolf at the door. Only one hundred thousand men were to be granted to Germany, while before the war she had maintained a peace establishment of 810,000 effectives, besides millions of reserves. Against 32,000 officers returned from the war, the new army was to have 4,000. This drastic reduction was forced at a time when the economic depression of the country had driven millions into unemployment. Now thousands of men who for the most part had never been in civil life must go out and search for respectable positions in a world already glutted with applicants. They dreaded this form of struggle for existence.

It may have been unreasonable in the military to suppose the government was responsible for the unfavorable conditions, but it is understandable. It seemed natural to blame the negotiators. The army was convinced that the government had not been vigorous enough in its dealings with the Allies. The military cure-all of firmness and force came to the fore. The shame of surrendering the mighty instrument that was the navy burned deeply into the soul; a thousand indignities rankled in the breast.

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Not only was the army dissatisfied with the course of national and international affairs but it had a host of grievances of its own. Some affected it directly, others indirectly. Their interests were carelessly attended by the government. The officers had seen their shoulder bars forbidden them. The soldiers' councils had been stripped of their power, but the commissioned men had not regained their old prestige. Not only were the officers in disrepute in the popular feelings—for that they did not care—but their very uniforms were clothing hoodlums like wolves in lambs' skins. Shady characters found popular sympathy and respect in the *feldgrau*. One Egelhofer was reported to have distributed two carloads of naval uniforms around Munich, Nuremberg, and Augsburg. The Weimar Assembly had practiced treason upon the army by changing the imperial flag of black, white, and red to a much older banner consisting of the three colors, black, red, and gold. The very thought of extraditing the soldiers, officers and privates, on the Allied list was as charged as a high-voltage wire. The unscrupulous profiteering in the sale of war materials angered the army. The constant alarm that Poland's encroachments into German territory were causing, along with the dread that the Russians were preparing to attack Germany through Poland in May, convinced many army officers that the only way to save the country was for the army itself to take a hand in the administration of the nation.

The army suffered constant losses from numerous radical putsches. Its only employment was against the radicals whom it deeply hated by tradition and now by the experiences of internecine casualties. The dependence of the government upon the armed forces to maintain itself in power against the radicals made them feel their importance again. Noske, in the great urgency of improvising a trained force, had commissioned old officers to form volunteer corps. These bodies provided the material for the putsches that were to come from the right.

The political situation violently agitated the army too. The

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Constitution had been framed and promulgated August 14, 1919, but the Assembly had continued its sittings, busying itself with the host of laws necessary to get the republican government under the new document running smoothly. It was this congress that was responsible in the eyes of the army and a large group in Germany for the infamous treaty. It had been elected as a constituent assembly. Its task, the writing of a constitution, was completed. In the eyes of the opposition and the army popular elections were in order now that the work of the constituent congress was accomplished. The continual postponement of national voting was a source of great disappointment and sullen resentment to the army. The governmental coalition, however, could see no valid reason for dissolution and costly elections, since its popular mandate was only a year old.

The Constitution called for a popular election of the President of the nation and yet on August 21st the Assembly, not the nation, had elected Ebert President of the country. The rights, to whom the army belonged, demanded a popular election. They felt sure that a national plebiscite would return Hindenburg to the office. Once that stanch monarchist was in, they would hold a referendum on the question of republic or monarchy. All Germany was merely waiting for an opportunity to return to the kingship, they were thoroughly convinced. With the referendum favorable it was assumed that the Crown Prince would become king. Just out of fear that Hindenburg would be elected and that a grand effort would be made to close reckoning with the republic, the Social Democrats were supposed to be postponing a popular election. The extreme right groups considered that everything was favorable and were aching for a trial of strength after the bloodless Revolution.

The general political situation seemed to call for the imminent execution of this program, for the Republic and some of its original adherents had just been involved in an unsavory scandal. In January, 1920, the famous Erzberger-Helfferich trial, a great political event, began. During July, 1919, Erz-

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berger, Minister of Finances, had become the center of a great storm blown up by his determination to raise a capital levy, by which he proposed to collect billions of marks. Helfferich, a conservative politician, former Undersecretary of State, and one of the most prominent economists in Germany, turned into the severest critic of Erzberger's financial plans. Helfferich lashed him publicly for his "unsound" program and for his alleged dishonesty in public life. He declared the minister of finance to be a menace to the purity of the nation. Erzberger answered with a suit for libel. Public outcry caused Erzberger to tender his resignation, which was promptly accepted on February 24th. On March 11th the trial ended with Helfferich being fined three hundred marks for failing to prove that Erzberger intended to denounce him, Helfferich, to the Allies. But the judge also found Erzberger guilty of untruthfulness, impropriety, mixing politics with business and political activity to the disadvantage of his country. The trial caused great unrest in Germany.

To the political uneasiness was added the threatening economic disorganization. The Allies had requisitioned vast supplies of materials: coal, wood, dyes, and other valuable industrial materials were demanded, when Germany was already suffering from shortage herself. The reorganization of the economic system was in the midst of its disruptive process. Strikes were frequent and often serious. In January, 1920, a big railway strike in Westphalia assumed dangerous proportions. The civil servants clamored for higher wages to meet the increased cost of living and the depreciation of the currency. The food shortage remained critical.

The disturbed conditions of the international situation were aggravated by the presence of countless Allied supervisory commissions which overran the country. Noske wittily remarked that it seemed as though the Allies were sending their armies to Berlin singly through the Brandenburg Gate. The mere sight of these spies—which they were in German eyes—touched off the fuse of fury. Early in 1920 an internationally sensational inci-

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dent occurred in the Hotel Adlon, the foremost hostelry in Berlin. In the dining room of the establishment members of the French Military Mission chanced to be eating at the same time that Prince Joachim Albrecht of Prussia and Baron von Platen were there. Their tables were near to each other. The Prince with patriotic perversity ordered the orchestra to play "Deutschland über Alles." When the French refused to stand up in respect to Germany's anthem, the Prince and his party attempted to compel them by throwing bottles and dishes. For this disorderliness the Germans were arrested and on April 16, 1920, were convicted and fined 50 and 300 marks each. Similar incidents occurred in Breslau and Bremen and threatened to become a favorite national gesture. The government, fearing foreign complications, issued a grave warning that such offenses would be severely punished.

In this bubbling caldron of rancor and fear, of bitter dissatisfaction and boundless hope, the rights cooked their plans for a monarchical coup. Kapp, the leader, first came to public notice in 1916 when he made a vicious attack upon Chancellor von Bethmann-Hollweg, characterizing him as a weakling, a sentiment that the whole right circle echoed. Bethmann-Hollweg answered very sharply, so sharply that Kapp felt his honor and dignity could be retrieved only by a duel. He sent a challenge, which the Premier took little notice of. Kapp, however, was removed from his governmental office in the agricultural department. His next appearance on the national stage was toward the end of the war, when he was active in the formation of the Fatherland Party, which had for its task convincing the country that the most exaggerated territorial annexations must be made. Along with the other trumpets of Junkerdom he went dumb with the first earnest signs of revolution. In fact, soon after the overthrow he assured the new Socialist masters that he and his group were heart and soul for the new administration.

The moderation of the disdained Socialists in the exercise of their new power permitted the monarchists to perk up, and

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by the beginning of 1919 they were already spinning their minds in dizzy projects for turning the tide. In a letter of July 5, 1919, Kapp wrote to Colonel Heye, then ranking commander of the army, that "we must strike now." Heye, however, had little sympathy for or confidence in the chesty agricultural "direktor." Junker Kapp had probably hoped to obtain the Colonel as military chieftain for his undertaking. Failing in this direction, Kapp turned his attention to the military group in Berlin, where from November, 1919, to March, 1920, he sounded out the officers and was in continual communication with Ludendorff and Tiritz. Kapp stood in intimate relations with those circles which sought to restore the Kaiser or at least the monarchy. The Pomeranian Land League, the very priesthood of Junkerdom, was backing the "direktor."

While many persons in Germany believed that the Bolsheviks were about to assault Germany through Poland, the rights founded the National Society in 1919, which had as its object the organization of the defense of the country against such an inroad. The aim of the society was not inherently vicious but truly patriotic. A group within this group, however, laid deeper plans to seize control of the government itself after it had saved Central Europe from the Soviet threat which was expected in the summer of 1920.

Captain von Papst was the genius guiding this interior group. During the Great War he had won merited praise as a strategist; but he could not content himself with his war record. His ambitions were very lofty. Another strong spring in the movement was Colonel Bauer, whose supposed knowledge of social and political matters had been completely misjudged during the war by Ludendorff. Papst was to conduct the military moves, while Bauer was to keep everybody satisfied when the traitorous Socialists had been ousted.

The group that Papst headed had taken a decided stand during the peace troubles at Weimar in June, 1919. The Spartacist uprising at the end of December, 1918, had convinced

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the group of the necessity of action. It was determined on armed opposition against the signing of so base a document as the Allies had offered Germany. And in this resolution it had the whole army with it. The confidence of this wing in Noske had become so utter that it offered him the dictatorship of the country. Noske, for all his appearance as a ruthless man of action, never forgot his socialistic principles. He made short shrift of the unwelcome proposals made to him. Noske, in fact, took the first occasion to put Papst out of the army, on the pretext of the publication of a book without authorization from the Ministry of War.

The plotters had been actively promoting their schemes for months and had even carried them to the foreign military missions in Germany. They wanted to be sure of Allied support, at least of noninterference. The English Mission had encouraged them privately, not officially, for England at this time was a very active opponent of Soviet Russia and would have been a warm sympathizer of an ally from any quarter. Not only did Great Britain wish for a strong opponent to Russia, but she also began to feel the necessity of restoring the balance of power on the Continent, where France had things all her own way.

Lüttwitz, the commander of the army, fell in with Kapp's plans. The general, as ranking officer of the army, assured the benevolence and the probable aid of the Reichswehr. General Lüttwitz, however, was not a flawless asset. He was so full of the undertaking that he bubbled over with it. At the instigation of the inner ring, which feared that the temperament of the army commander would lead him into some rash action contrary to the interests of the coup, he discussed the project with Hergt, one of the high party leaders of the German Nationalists, and with Heinze, a chief of the People's Party. General Oldershausen, also present, opposed the whole plan. Hergt and Heinze, when later they were charged with complicity, excused themselves for not having reported the matter to the government by saying that they did not take Lüttwitz seriously. They under-

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stood it to be the individual undertaking of the general, whose loneliness removed all possible danger.

Into the midst of this turmoil came the order for the seven thousand men of the Iron Brigade of Ehrhardt and the Löwenfeld brigade stationed at Döberitz, twelve miles from Berlin, to dissolve. These units formed part of the marine divisions organized in Kiel after the war. Part of the first brigade, the notorious People's Marine Division, was quartered in Berlin. The second brigade was organized by Ehrhardt and Löwenfeld in Kiel and Wilhelmshaven, the two great naval bases. In this division were numerous recruits from the Baltic, where the fighting had continued a whole year after the war. These formations, like the Volunteer Corps, enlisted their men for a period of three months. If the men found jobs at the end of their terms, they returned to civil life. In a special note the Entente had demanded that the Ehrhardt brigade be disbanded.

On April 1, 1920, as a result of the Allied demand, between seven and eight thousand men were to be thrown upon the precarious employment market. The commander, Ehrhardt, had been a brilliant officer in the submarine squadron, but until the putsch got under way he was an unknown figure in national life. Ehrhardt had no complicated political program he wanted to achieve. On March 13th, when the famous march on Berlin was begun, he announced that after his arrival in the capital he would keep his forces around the Siegessäule until popular elections had been held and an officer was sitting in the Minister of War's office. Those two demands were the limit of his political desires.

Kapp, Papst, and the rest of the schemers were as immature politicians as doctrinaire socialists who expect to transform the world by a theory. For all their preparations they had not got things ready. They had the legal matters all carefully worked out. A lawyer, Dr. Hermann of Naumburg, had prepared a batch of laws and a constitution, but the more necessary details had been only partly completed. Miss Kapp, for instance, was

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to write the new government's manifesto, but there was no typewriter for her to use. Because the program to conciliate and win the nation was delivered to the Wolff Telegraph Bureau too late for the Saturday press and because Sunday was a holiday, the country was without official news of the coup and its alleged high intentions until Monday. The splendid occasion for a glowing pronunciamento was lost.

Not only had Hergt, the German Nationalist leader of the Prussian Government, and Heinze of the People's Party learned of the project on March 3rd, but many others of the extreme right were well aware of the plot. The Security Police got news of the plan on March 2nd. Major Hammerstein found it out over a week before the putsch came. Stresemann was apprised of it in Hamburg on March 5th. And yet no one of all these rights ventured to warn the government of its danger.

While a considerable number of outsiders were aware of the plot, how unsuspecting the cabinet was is revealed by Noske's answer in the Reichstag on March 1st to the question of the danger of a royalist coup that even in France a monarchical party still existed and that, of course, there were such groups in Germany. But if the Allies were not too harsh toward the vanquished, the royalists could cause no harm. The administration had its first rumor of the scheme on March 9th. On the 10th General von Lüttwitz requested and received an audience with President Ebert, of whom he demanded that the government proceed forthwith to popular elections, long overdue, of the Reichstag and of the President. His requests were in the nature of a threat. He demanded, further, that the cabinet be revised to consist of experts, meaning an officer in the Minister of War's seat, and that the reductions and dissolution of the troops be suspended. These demands were not new to the politicians, for the so-called abuses had been aired in the press and in public discussions frequently. The tone, however, took them by surprise.

The following day, March 11th, the arrest of the four

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leaders, including Kapp and Papst, was ordered but they got wind of the warrants and fled before it was possible to apprehend them. While their exact whereabouts was unknown, they were reported to have been hiding in the vicinity of Döberitz, the station of Ehrhardt's Iron Brigade. During the same day General von Lüttwitz was relieved of his position as commanding officer of the army and put on leave. The General at once got in touch with the Sicherheit Polizei (Sipo), the Security Police, and a part of them expressed their adherence to his cause.

The government was now thoroughly alarmed and took all precautions to protect itself. Instructions were given that the military garrison and the Sipo be kept in a state of alarm for an emergency. Despite the information in its possession and the preparations against eventualities, the cabinet considered the danger remote. It was not the first time that rumors of a putsch had come to their ears. The government quarters were put under abnormally strong protection and Noske himself made a tour of inspection. After midnight on the 12th Noske brought his troops into strategic places and wheeled cannons, machine guns, and armored autos into position.

With the troops stationed, the government undertook a little scouting in the enemy's camp. Admiral Trotha was sent to Döberitz as an emissary to report on the situation. It was an unfortunate selection because Trotha, like so many other high officers, was in heartfelt sympathy with the revolt. The admiral reported back from the military barracks at Döberitz that there was nothing unusual to be seen, no signs of revolt were evident. Whether he told a willful falsehood or whether he abetted the rebellion by announcing his coming in advance in order that all activities might be suspended, is not certain. Some say that the soldiers were sent to bed at ten in the evening, so that a cursory examination would show nothing. The Berlin emissary reported also that he had talked to the troopers and quieted them about their coming return to civil life. Shortly after ten, Trotha returned the twelve miles to the capital.

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All was not well in the brigade itself. Some of the petty officers were unwilling to take part in a revolt against the constituted authorities. The officers tried to convince them with the shabby argument that they had never taken an oath to support the government because during the ceremony of being sworn in they had not been asked to raise their hands. This bit of jesuitry failed to persuade, but more effective was the plea of loyalty to the division which had been their bread and butter for a long period. They must not now betray the division. Reveille sounded at one in the morning of March 13th, and by three the soldiers were ready to march on Berlin.

Flying the old, imperial flag of red, white, and black, which the right has so fiercely cherished after the republican government in the Weimar Constitution banished it for the black, red, gold banner of the new era, the troops began the twelve-mile march to the tune of stirring military music. Ehrhardt calmly slept another hour, while his slower-moving troops were on the march to Berlin. A man with such iron nerves may, indeed, deserve the acclaim that he received from his admirers. At 5:40 the brigade reached the Brandenburg Gate and the heart of the city. At the gate Ludendorff and other prominent monarchists were "accidentally" waiting their arrival. The revolted at once marched into the near-by governmental quarters on Wilhelmstrasse and occupied the administrative buildings.

The government was not even the first in Berlin to get the actual news of the march. At four in the morning a newspaper office got the first report. The cabinet was hastily called together at 4:45, convening for a hurried half-hour. The military men drawn into the conference were almost unanimously against armed opposition, for they characterized the likelihood of a successful defense as very remote. The only officers who counseled resistance were General Reinhardt and Major von Gilsa. All the other military advisers urged the paucity of government troops and the disciplinary and military superiority of the Iron Marine Brigade. Noske then unwill-

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ingly withdrew the men he had stationed in the defensive positions.

Having disposed of the military situation by agreeing to abandon the field to the revolvers, the cabinet had to determine its next step. If it remained in the capital, arrest was sure and organized opposition to the coup would be impossible. Although the best advice was to leave the city and carry on from some other place, the statesmen were loath to go because flight looked like fear. Good judgment got the upper hand and they were persuaded to leave Berlin. Less than a half-hour before the Ehrhardt men occupied the Chancery Ebert and his government left for Dresden.

The Saxon capital became the temporary capital of Germany for two days. Dresden, only three hours by rail from Berlin, was, however, too near to the scene of the putsch, and the refugee-administration on March 15th sought greater safety in greater distance. Stuttgart became the extemporaneous capital until the revolt should be overcome or should itself win. In its flight the cabinet had taken precautions not to lose complete touch with the situation in Berlin by leaving Undersecretaries Schiffer, Schlike, and Schmidt behind as liaison officers.

The government now attempted to retrieve its sluggishness before the outbreak of the putsch by compressing into a brief hour's time all the activity idled away in false security. The cabinet in its short session laid many plans. Tremendous energy was developed in apprising the workers of the real facts. An appeal for a general strike was prepared by the Social Democrats as a party and by the Democrats and telephoned to the twenty largest cities in Germany by seven in the morning. Placards were printed and distributed by the thousands in Berlin.

Kapp, whose presence in Döberitz had been surmised but not definitely established, appeared with the marines to take possession of the Chancery. His first act was to issue his ill-starred manifesto to the country, stating the aims and the character of his government. The National Assembly was, of course,

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dissolved. It had already overstayed its mandate and by his lights was illegal anyway. For his own administration he asserted that they were not reactionaries. The whole tone of the official declaration was conciliatory. Kapp declared that the new saviors were strong enough to start their undertaking without arrests or violent measures. He charged the socialistic government with having loaded heavy taxes on a depleted nation and with having suppressed its critics. He himself, however, at once suspended all newspapers.

In less than twenty-four hours his political incapacity was apparent, glaringly obvious. The most essential matters were unprepared. All his plans had envisaged a great, popular welcome of the people only waiting for a chance to call back the Kaiser or the monarchy. When this reckoning proved to be false, he had nothing else to offer. He lacked versatility. He was not prepared for serious opposition, nor was he willing to take energetic action. His proclamation had been ambiguous, aiming to please everybody. By his forbearance from arresting the strike leaders he attempted to gain the laboring support. The Allies were humored when it was just the enemy that he might have flaunted with popular approval.

His resounding speeches during the war had created a myth that he was a strong man, a personality of iron will. Yet the only positive act he undertook during his brief chancellorship was the dissolution of parliament, a lone affirmative step he canceled on Monday, two days after taking Berlin, by negotiating with the political parties. He arrested the Prussian Cabinet but, when he was unable to rally a working government around him, he soon released the ministers in an attempt to secure their coöperation or at least a disinterested continuance of their work. The wheels of government had been still since his revolt and he was desperate in his effort to keep things going. Despite the defiant declaration of the Prussian Cabinet that it recognized only the old government, he liberated it. It was the strength of failure that he displayed.

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Kapp, instead of approaching the city in a big-hearted spirit of magnanimity, should have bent every effort to arrest the Ebert government. To permit it to escape was to assure a well-organized opposition. He neglected too the unavoidable measure of apprehending all the opposition party leaders. On March 15th he ordered the arrest of anyone found guilty of spreading false news about the new government; but he made little use of the threat. On Tuesday March 16th, he directed the shooting of all strikers; but no one met death, although the general strike had been in force since Saturday. He was not strong enough to carry out his plans to a logical conclusion. If he did not gain his point by a threat or by fine words, he tried another threat or more pleasant words. When the strike continued after his threat to shoot all strikers, he attempted to negotiate a settlement instead of shooting. He proposed to the self-appointed labor leaders (for he never got in touch with the real chiefs) that a coalition government including union men be formed. So naïve was he in political affairs that he actually believed Socialists and Ludendorff could be harnessed together.

His original reception boded Kapp no good. At first he seemed to enlist valuable support in many quarters, although he got no affirmative assistance. When he marched into Berlin on Saturday March 13th, the police got a circular telegram from headquarters, ordering them to remain neutral in the coming struggle. This order virtually amounted to assistance for Kapp, since it removed one of the government props. The attitude of the police, however, was not dictated by any large degree of sympathy for the royalist coup but rather by a lack of understanding of the situation. They only saw that the old cabinet had fled, leaving the government to the insurgents.

The political parties lent him encouragement. On March 14th the German Nationalists issued a party manifesto declaring that the National Assembly had been illegally prolonged and that its mandate had ended with the framing of the Constitution. Because of an unconstitutional extension the German

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Nationalists, therefore, called on Kapp to rectify the abuse by holding national elections at once. Such a statement came dreadfully close to a recognition of Kapp. It was, in fact, an indirect acknowledgment. The German People's Party, the other right organization, issued a similar pronouncement on the same day. But although obviously well-wishers neither of these two bodies went any further in their encouragement, while all the other parties took stands hostile to Kapp. A committee of the three governmental parties even appealed to the country to oppose the usurpers.

It was the determined enmity of the workers that caused Kapp's downfall. On Saturday morning a committee of the General German Federation of Labor met to discuss the situation. A committee of the local Berlin unions also met separately. Both meetings decided that a strike was necessary to protect the interests of the laboring classes. That same afternoon, at three, the General German Federation of Labor, the local Berlin unions and the General Association of Employees met together. The question before the conference was the general strike. The political differences of the Independents and Majority Socialists here again came to the fore. The Independents could not sink their political opposition even in the great crisis. Before they would consent to a general strike they demanded the removal of Ebert. On this issue the meeting split and had to adjourn without agreement. In the evening it was reconvened. The result of this sitting was that the national unions jointly announced their appeal for a general strike, while the Berlin unions and workingmen's organizations sent out their own general strike order.

The National Association of German Industries, the great organization of the powerful industrialists, seemed to play a two-faced game. The workers wanted it to sign a formal disapproval of Kapp, but they got only the assurance that the Association would continue to carry out its agreements under the Labor Chamber. On March 16th, however, when Kapp was

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tottering the industrialists informed the workers of their readiness to denounce the putsch; but the fraud was so apparent that the labor people refused.

The group most active against Kapp was the Social Democrat Party. Its members made speeches, printed handbills, and did everything to keep up the laboring opposition. Often the party workers were arrested while distributing the sheets, and once even while they were printing them. The Majority Socialists desired to issue jointly a workers' daily, but here again the Independents were bitter antagonists.

Kapp played up the Bolshevik threat in the last days of his control. The bolshevistic danger he could use very well, for in some of the suburbs, like Spandau and Köpenick, the local administrations had been seized by the workers. He magnified the strikes. The general strike had not been taken up by the railway men, who realized that if they paralyzed the country by leaving work, confusion and want would soon set in. Desiring to give Kapp time to retire before proceeding to the danger-fraught strike, they sent Oeser, who had been arrested along with the other Prussian Cabinet members and released, to deliver an ultimatum to the "direktor." The notice was served upon him at three in the afternoon of Sunday. Kapp was so impressed and worried by this threat that he seemed ready to resign. Before taking this step he requested three hours to consider the matter. Then he refused to relinquish the power.

Kapp would naturally find his most immediate peril from the army and, therefore, had assured himself months before that the army would not be hostile. While the army was, in fact, very sympathetic, it regarded his success as very unlikely. General Watter in Münster, an officer who was not reputed to be favorable to the lefts, and General Möhl in Munich came out against Kapp on March 15th.

The populace of Berlin took the first entry very calmly, even in a festival spirit. The marching of soldiers always is stirring. And no one knew yet what it was all about. If the admin-

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istration had been caught unawares, the public surely had no notion of the scope and intention of the intruders. The crowds made a lark of the strike. Sunday, however, the normal activity began to slow up. Trouble was brewing. On Monday the crowds bestirred themselves into action, taking an arsenal from the guards, after which the troops stormed the building and killed several of the people. At Steglitz, a suburb, eight persons were shot. The masses attacked a truck-load of soldiers at the Halle Gate, in another section of the city. In the ensuing skirmish several persons were killed. More came to their death at the Potsdamer Platz, in the heart of the city. In the northern parts of the capital, where the workers lived, four people lost their lives when a crowd attempted to take away the music instruments of soldiers. The count stood at seventy victims on Monday night. Tuesday a mob threw the lieutenant in command of the force occupying the Government Printing Office into the canal. Soldiers in their attempt to rescue him wounded three persons. Thirty victims were added to the casualties on Tuesday.

When the turn of events brought Kapp the unexpected opposition of the workers and the faint-hearted silence of his well-wishers on the right, he thought to better his situation by negotiations. His bargaining with the workers had shattered. At the same time that he was conducting the parleys with the Berlin workers' leaders, he made overtures to the legal government in Dresden. General Maercker, commander in the city where Ebert and his friends fled, upon his own responsibility undertook to act as intermediary between the new and old powers. He traveled to Berlin and got in touch with Kapp, who outlined a program of eight demands, including the popular election of the President, a cabinet of experts and elections for a parliament to supplant the National Assembly. The cabinet remained adamant against any negotiations.

By Monday the 15th, it was clear that the tide was against Kapp. The general strike had palsied the life of the capital. The tremendous power of a general strike was exhibited to the

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world. Opposition developed in every quarter. With this state of affairs Ludendorff telegraphed Kapp to recruit students, if the army would not get into action for him. Kapp saw by this time that the restoration of the monarchy was impossible and thoughts of quitting entered his mind. The pressure of his intimates kept him at his task. On Monday he sought contact with the unions and requested a committee to meet him. To it he proposed a coalition cabinet, which was refused as already pointed out. Failing in this effort, he brought out the Bolshevik boggy. He spread this panic to a press conference, hoping to stampede the public. At six in the evening of Tuesday he sent an emissary to the meeting of the three governmental parties to announce the menace. This was his last card. Resignation was the only course left to him now. Von Schiffer, the undersecretary left behind by the cabinet, was taken in by Kapp's ruse. He accepted the sincerity of the plea and telegraphed his principals in Stuttgart, recommending that a united front be made against the new danger. In order to secure the joint action of Kapp with the old government new elections would be necessary, he said. The cabinet and Ebert flatly refused.

Early in the morning of March 17th Kapp's entourage got the news that the Security Police demanded his resignation. The army also was dropping away. The soldiers realized with increased conviction that the Allies with the upper hand had decreed the reduction of the German army to one hundred thousand. If that were not carried out, their irresistible armies would march into Germany and compel observance of the Versailles fiat. Kapp could do nothing to counteract this overwhelming fact. The army lost interest in him. Everybody deserted him. Better stated, no one ever had come to his side, for even his well-wishers had only played the rôle of benevolent neutrals. He had entered the Dante Inferno where he must abandon all hope. At two in the afternoon he resigned.

Undersecretary Schiffer had been fooled into recommending to Ebert the ordering of new elections. His recommendation

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was now seized upon by Kapp as a graceful exit. The party chiefs of the right, among them Stresemann, who had kept contact with the revolt during all its phases, were on hand for the swan song. They got their heads together and worked out the wording of Kapp's resignation. "Having accomplished all my aims" was the way they bowed him out of the spotlight. The reference was to the elections that Schiffer had requested. It was a very tenuous thread, but no stronger rope was at hand. The rôle the rights played here was all to their own benefit, since they had striven for popular elections ever since the constitution had been promulgated. By bringing the question into the public limelight they hoped now to force the issue.

There was nothing left for Kapp and his ring but to pack up and go. While the brief dictators gathered their belongings and documents together, the ousted officials of the legal régime drifted back to the offices being vacated by Kapp's men. As the returning administrators came in they shook hands and congratulated each other that the interlude was over. The usurpers only hastened their last packing. An ignominious ending. Kapp himself came out, carrying a bundle of papers, and got into an automobile waiting in the rain. The soldiers on duty paid no attention to him, not even to salute. Last of all came Miss Kapp, crying. The final destination of the "direktor" was Sweden, which he reached in an airplane. Later he offered to surrender for the price of carfare home. Finally he returned at his own expense to die in jail while awaiting trial.

The actual last moment of the coup came in the army. After a few days the men saw through Kapp's bid for support and rejected his program. When it was apparent that the privates would not lift a finger for the putsch, the officers offered their services to Ernst, the Police Commander, on March 16th. On that same afternoon General Reinhardt, forcefully struck by the impossible position of Kapp, called on Lüttwitz to inform him that he must resign. A deputation of officers headed by Colonel Heye came to the army headquarters on that day on

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the same mission. The next day General von der Goltz also visited the office with the same purpose. Lüttwitz could see nothing but fearful alarm in all this advice and not even Colonel Bauer, his right-hand man, could shake his conviction at once. By the time Ludendorff, the great bungler, advised him to stick to his job, he was convinced by the continued representation from the officer-delegations and by the final weight of Colonel Bauer's decision. And so on March 17th at six in the evening, hours after Kapp had abandoned his enterprise, Lüttwitz too quit. Like his superior he fled, but to Hungary, where Bauer and Ehrhardt followed him. Major Papst hurried to Austria. General von Seeckt, the only officer whom Kapp had removed during his tenure of office, although that was only temporary, succeeded Lüttwitz as commander of the army.

Ehrhardt's Marine Brigade formed along Wilhelmstrasse in front of the governmental buildings and down along Unter den Linden, through which four days ago it had marched triumphantly. As the men stood waiting orders to form ranks and march away, crowds collected, jeering them. It was more than the defeated soldiers could stand in their dejected mood. They still had some power and they let it loose from their gun barrels, slaying several bystanders. A panic ensued on the crowded sidewalks. The throng scattered for shelter, breaking down the doors of the elegant Hotel Adlon in their mad flight. As the brigade passed through the Brandenburg Gate, they fired a parting volley at the people.

Outside of Berlin, Kapp had varied fortunes. In East Prussia the army joined his standard as soon on March 13th as it learned of his putsch. There a press censorship was established to prevent any hostile appeals. The Independents and the Social Democrats buried their differences in the common task before them. In Silesia the first news of the Berlin coup called out a general strike issuing from Breslau, the political and industrial capital of the province. By afternoon the troops had arrived. These destroyed the opposing newspapers and killed several

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people during their unwelcome stay. By Wednesday the troops were ready to negotiate with the workers, who would listen to no overtures. At five in the afternoon, Thursday March 18th, the army withdrew.

Violent opposition might be expected in the Ruhr, the great industrial region, where the workers were very extreme. Here the laborers maintained a united front. They strained at the leash for action. The Executive Council seized weapons in the arsenals to deliver to the workers. By Tuesday March 16th, the workers had occupied Essen, Duisburg, Remscheid, Mülheim, Unna, Hamm, and Hagen. The Labor Chamber announced on the 16th that Kapp had no right to coal and that his requisitions should be refused, although distribution was to continue to the manufacturing districts to keep the factories going. Production must not stop, so that money could be earned to purchase food. The Chamber also recommended the sale of coal abroad in return for foodstuffs.

After Kapp fell the Ruhr region became more turbulent than when efforts were concentrated on defeating him. Essen, as so often, was the center. Not even the Communists were under the control of their leaders. The whole Ruhr coal district was in the hands of the workers. But the movement was wild, had run beyond its leaders. Plans were ill calculated and predoomed to failure. The workers concentrated their army of one hundred thousand inexperienced young warriors on the Lippe River. By March 27th the workers were forced a mile back from before Wesel, and on the following day the concerted revolt collapsed when the red army was routed. The reds, however, continued their fruitless efforts from their position on the Lippe River from Wesel to Haltern, which was not yet taken from them.

With the advent of Noske the governmental policy had become energetic, audacious. Did the workers lift their heads? They were stricken down. He well appreciated the danger of a people slipping its restraint. The German sobriety must be

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maintained. Wild passions must be curbed. Whether Noske resigned or not, this procedure continued. The policy of force may not have been so ready against the rights, but the lefts, at any rate, were not to assert their elemental nature. The army had an innate hatred for the laboring revolts.

The Ruhr uprisings were on a grand scale. Although the movement was as shallow as it was broad, there may have been some excuse for fearing its depth. Either from sincere dread of the character or from a hateful desire to trample on the workers, the army pressed for a campaign. The revolt, however, had unfortunately broken out inside the fifty-kilometer neutral zone on the east bank of the Rhine, where Germany could not send armed forces. The Chancellor petitioned the Allies for permission to enter the forbidden zone for a period of twenty days and agreed to give France the right to occupy Frankfurt, Darmstadt, Homburg, and Hanau if the German troops had not evacuated the district by the end of that time. The possibility of internal trouble along the Rhine and Ruhr, from which she might draw advantage, did not come amiss to France. She refused the request.

Choosing to defy the Allied dictates, Germany sent seven thousand marines into the neutral zone, north of the Lippe, on April 4th. Two days later France marched her troops in to occupy Frankfurt, Darmstadt, Homburg, Hanau, and Duisburg. The German forces withdrew from these localities and no hostilities occurred. In Frankfurt, however, the mob jeered the black French troops, who shot into the crowd, killing three men, three women, and a boy.

Events moved rapidly. By the 10th the German soldiers had quieted the whole insurrectionary region. But now the French were there too. Negotiations for their withdrawal resulted in an agreement with the Allies on April 14th to the effect that the French would retire from Frankfurt and the other occupied territory if Germany had cleared her troops

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within one month from April 10th. Pursuant to this contract France removed her troops on May 17th. On May 22nd Ebert voided the state of siege which had been proclaimed at the opening of the revolt in the Düsseldorf district, in East Prussia, Silesia, and Saxony.

The power of the movement may have collapsed after the disastrous defeat on March 28th near Wesel, but large numbers of workers kept the field, nevertheless. Negotiations were opened at Bielefeld between the men and the army. The commanding general demanded the surrender within forty-eight hours of four heavy cannons, ten light pieces, two hundred machine guns, and other material. The men were furious, maintaining that they did not possess so much equipment. Not until April 1st was an agreement between the army and the workers reached.

On that day the Central Committee and two hundred delegates met in Essen, where they unanimously accepted the government terms. So dissatisfied were large numbers of men that roving bands kept up the fight. On April 3rd the army took Duisburg. The advance continued to Essen, which was entered on the 6th. With the workers' stronghold gone, the men fled, many escaping into the British zone around Cologne. By the 8th the Ruhr was returning to normal activities. On the 10th the Workers Executive Council surrendered its power to the municipal authorities of Düsseldorf, Elberfeld, Barmen, and Hagen.

In Leipzig the post-Kapp days were also the fiercest. A four-day reign of terror kept the city in turmoil. Hundreds were killed. Not until March 27th, the day of General Maercker's second arrival in that town, did the excesses cease. Halle, two hours away, was likewise embroiled.

Ebert and the Bauer government could have returned to Berlin at any time after the 17th, but they did not actually come back until March 21st. The intervening days were full of more excitement than the brief period of Kapp's régime. Now

that the workers had overcome the political usurpers they were determined that their influence should bear weight in the government. On March 18th they held a conference with the Prussian Cabinet, to which they presented eight demands. In this move the Independent Socialists again refused to join the other workers, mainly Majority Socialists. The laboring men at the conference declared they would continue the strike until their demands were carried out.

The workers, therefore, remained at home and the factories were idle. The unions began anew their strike appeals. Their printing presses were busy. So were their inveterate enemies, the soldiers. On one occasion one hundred and fifty thousand circulars, appealing for laboring solidarity, were seized by the officer in charge and burned before they could be distributed, while the unionists went to the government for a permit. Further and more serious conflicts developed after the first day of the regular government's victory over Kapp. On March 19th, Friday, at the Kottbus Gate, a mob threw soldiers and officers into the water. Machine guns were brought into play, killing fifteen people and wounding twenty. At Charlottenburg, a suburb, a crowd attempted to disarm the Home Guards, and in the scramble seven died and eighteen received wounds. In Schöneberg, another suburb, nine officers who had sought refuge in the city hall were prevailed upon to lay down their arms with the understanding that they would be taken by auto beyond the control of the mob. They were put in the auto but the crowds, impeding its motion, dragged them out of the car and brutally lynched them on the street.

The hatred of the army was a fundamental creed of the workers. Noske had so energetically guided its suppressive activities that he became the embodiment of the whole hated organization. Back in January, over a year ago, the extreme workers had demanded his ouster when he smothered the councils; and the undercurrent had grown into a torrent. Now that they had the upper hand after stalemating Kapp by the general strike,

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they brought their wishes to the front. "Noske must go," was heard from all sides.

Noske had appreciated the odium that would attach to the person who should reorganize the army into an effective machine to suppress revolts. Although "someone must be the bloodhound," he did not "shirk the responsibility." His resolution and unflinching determination had endeared him to the whole army. "For you," said one of his generals, "I would let myself and my troops be hewn to pieces." The right conservatives coyly ogled him. The lockjaw zeal with which he pushed his decisions made him one of them. The Landowners League avowed he should have been the Kaiser's adviser during the crisis. They dangled before his eyes the idea of making him dictator after the Treaty of Peace revolt should have taken place.

The army and the rights based their affection on tangible evidence. The betrayal that the workers charged him with had some support. He had rescued the officers from their unhappy fate. From pariahs he had transformed them into the saviors of the nation. And they felt their oats. He respected their feelings. He admired their stanch acknowledgment of the monarchy. When the oath to the republic stuck in their throats, he had its form changed. The army alone seemed to be his fetish. The workers seemed always in the wrong.

And yet despite his ruthlessness he retained a fresh and vigorous belief in socialism. No temptations or blandishments swerved him from his principles. He could sack a monarchist as quickly and quietly as he could deny a red. Yet the laboring men had sufficient complaint against his efficiency. Noske never adopted half-measures. But there were times when his zeal for thoroughness was unjust. Inexcusable acts did occur. He could not personally supervise every action of every private. Not only among the workers but deep in the bourgeois circles dissatisfaction was expressed with the brutality of the army.

The government was under the domination of the old kaiser officers, was the cry. There was no doubt that the officers felt

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their might. Now they were the pillars of society. Without them and their army the machinery of state would not turn and they knew it. The government knew it. It treated the soldiers accordingly. Kapp offered the Ehrhardt men extra pay for their work in overthrowing the state. Ebert, "recognizing" the equity involved in risking their lives in subverting his government, magnanimously paid the promised premium. During the revolt one of the recruits in the brigade, tired of the mistreatment that the officers and subalterns accorded him, deserted. This was every soldier's duty: to abandon a traitorous enterprise. But Ebert's government arrested the man and sentenced him to six weeks in prison for desertion. In Duisburg, Mülheim, Essen, the soldiers pulled men out of their homes and shot them without authority merely because they considered them communists. There was sufficient justification to the demand for Noske's removal, provided reform followed, for he had summoned the jinni but could not now get him back into the bottle. His retirement took place, but the reform still loitered until 1928.

As early as the 19th Noske, responsive to the public demand, had offered his resignation to Ebert, who had promptly refused it. On Sunday March 21st, a workers' conference held in Berlin peremptorily demanded the withdrawal of Noske. The regular government, now returned to the capital, could see for itself what the situation really was. When Noske again tendered his resignation on the 21st, Ebert and the cabinet, now in touch with the political situation, realized that he must go and accepted on March 22nd.

The cabinet was broken. Labor with its general strike had saved the nation. Now it was determined that its word should be heard in the administration. Bauer attempted to revamp his cabinet from March 23rd to the 26th. Cuno, however, was unacceptable to labor, while the demand for a workers' cabinet was rejected by the Center and by the Democrats. Bauer resigned. Hermann Müller formed a government on March 27th.

The Independents now joined the other workers, and on

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Monday an agreement was reached with the government. The troops were to be withdrawn to the Spree line, the state of siege was to be lifted, armed workers were not to be attacked, and negotiations looking toward incorporating them into the Security Police were begun. By March 23rd Berlin was again at work, but really normal conditions were not attained until March 25th. Ninety-four deaths and 720 wounded was the toll of Kapp's four-day coup and its after-play.

The results of the putsch had been to demonstrate the strength of the Republic. But, more than the inherent power of the republican government, the general strike had proved its value as a political weapon. While the government refused to compromise with Kapp on any issue, it remains a fact that the outbreak convinced it that there was a very considerable sentiment in the country demanding popular elections. The cabinet, therefore, prudently issued a call for a referendum. The last session of the National Assembly was on May 21, 1920. Elections for the new Reichstag took place on June 6th. The workers had forced out Noske, as loyal a republican as existed in Germany. The national cabinet was reorganized and the workers brought their influence to bear on its formation. The only punishment meted out to the perpetrators was the sentence of von Jagow on December 7, 1921, to five years in prison. All the others escaped, to return later when a general amnesty was declared.

CHAPTER X

REPARATIONS

GERMANY had made her peace request hinge upon the Fourteen Points of President Wilson, but the terms she was dragooned into signing at Versailles were the image given back by a distorting mirror. It is now generally recognized that the Allies committed a gross wrong and an illegal act by ignoring the contractual basis underlying reparations. During the survival of the war psychosis this illegality was not even considered worthy of attention, so dull had our moral senses become. Efforts were then made to establish the reparations terms as fully justified by the facts, based on the argument that the armistice terms were subsequent to, and hence superseded, the diplomatic exchange between Germany and Wilson.

Keynes has refuted that contention by the following reasoning. The Supreme Allied Council was in session November 1st and 2nd, occupying itself in large measure with the armistice terms. President Wilson on October 23rd had conveyed to Germany the news that, being now assured of the sincerity of Germany's request, he was prepared to transmit the petition to the Allies. The Supreme Council, having to decide whether it should authorize the President to inform the Reich that an armistice meeting might take place, therefore, took up the terms on which an armistice must be based. During the discussion the question arose whether reparations could properly be included in an armistice at all.

Some said restitution might go in, others that it had no place in such a document. The next day Clemenceau returned with a phrase, "reparation of damage," which was received by the con-

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ference as an acceptable compromise. After the armistice terms, including the reparation clause, had been settled upon, the same meeting took up the matter of replying to President Wilson's communication. The Allied delegates defined what they understood his Fourteen Points to mean. As to "restoration of invaded territory" they had the following to say: "By it they understand that compensation will be made by Germany for all damage done to the civilian population of the Allies and to their property by the aggression of Germany by land, sea and from the air." Reparation was therefore limited to "damage done to the civilian population," that is, civilian at the time of damage. The Armistice had demanded "reparation for damage done," a phrase which its authors in their same session defined and confined to civilian population.

The Treaty of Versailles, however, stretched "damage to civilian population" to include pensions to soldiers. A protracted struggle in the Allied circles took place before this indefensible interpretation was permitted to go in. The American delegates fought long and tenaciously for the only decent construction of the clause which could be made—the construction which is now accepted all around by untrammelled minds. The fight was carried to Wilson, who finally capitulated to the loose meaning desired particularly by the French. It is said that the thing that decided him was General Smuts's memorandum pointing out that if a soldier were wounded and the effects of his wound carried over with him after his discharge into civil life, his pension must be regarded as damage to civilian population. Under such interpretation the entire cost of the war would have to be borne by Germany, since ultimately the total cost of the war must fall on the civilian population, which must pay for it in the form of taxes.

And so from "restoration of invaded territory" they wrenched pensions and allowances. It has been calculated by Keynes that under a strict construction of the Treaty Germany would have to pay thirty billion gold marks for damages and

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seventy-four billions for pensions and allowances. About two and a half times as much, therefore, could be demanded from Germany for the illegally included pensions as for the legal restoration of the actual damages. But the Allies were not even content to demand an honest rebuilding of devastated territory. The French, according to Keynes' figures, asked \$9,840 for each peasant's house and about \$5,000 for the furniture! A fine city bungalow with running water, electric light, and a heating plant can be built for such a sum. The Belgian claims, excluding pensions and allowances, amounted to 34,254 million francs, while an official Belgian survey of 1913 estimated the entire national wealth at 29,515 millions.

The Treaty of Versailles did not fix a total amount that Germany must pay in reparations, the more candid word, indemnity, being carefully avoided. The pact merely stated that the Reparation Commission must fix this total by May 1, 1921. The German Peace Delegation protested strenuously against the uncertainty and pointed out in strong terms that the whole reparation section was in violation of the basis of the peace negotiations. But here as in almost all of her dissentings Germany was dismissed with an imperious gesture. The Treaty, furthermore, made it a duty of the Germans to pay off the total fixed by the Reparation Commission within thirty years from May 1, 1921.

Before May 1, 1921, Germany was to pay a sum of twenty billion gold marks, out of which the cost of the army of occupation would be a first charge. Within the limits of the twenty billions the Allies had the right to demand deliveries in kind instead of gold. Germany was also to deliver at once to the Allies obligations in the sum of one hundred billion gold marks, of which the twenty billions in cash was to be reckoned as a component part. Forty billions of these obligations were to pay annually two and one-half per cent interest from May 1, 1921, to May 1, 1926, and five per cent interest and one per cent sinking fund thereafter. Obligations for the remaining forty billions were to be handed over to the Allies whenever the

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Reparation Commission decided that Germany was in a position to pay that further sum. This last installment was to bear five per cent interest, but the Commission could change the rate.

The German Peace Delegation had gone to Versailles with the firm intention of making good any damage caused by Germany's unlawful invasion of Belgium. Since the inroad into Belgium had made possible a speedy entry into northern France, they were also prepared to include in their program a willingness to make good the devastation in northern France. To show her honorableness of intention and a conciliatory spirit in starting the new world-era Germany entered into negotiations for coal deliveries immediately after the signing of the Treaty. Under the terms of that pact the Reparation Commission could notify Germany, as soon as the document had been ratified, of the extent of her deliveries. Germany then had a period of one hundred and twenty days before the first delivery was due. Since the Treaty was not ratified until January 10, 1920, Germany was legally bound to deliver only after May 10, 1920.

The Reich, however, had taken seriously the war preachments about a new era and therefore expressed its willingness to meet the urgent coal needs of France more than halfway. Germany only a month and a half after the Armistice had agreed in the Luxemburg Protocol of December 25, 1918, to supply the Lorraine iron works with coal and coke up to sixty thousand tons per month. In return Germany was to receive five tons of ore for four tons of coke. After the treaty ceremony part of the German Peace Delegation remained to negotiate immediate coal deliveries. It was agreed at Versailles that shipments were to begin on September 1, 1919.

The amount of coal Germany was to deliver was not definitely fixed. Germany was to deliver voluntarily. The Reich drew advantages from this arrangement too. At that time she did not know when the Treaty would be ratified, but she expected it to be in force very soon. No one foresaw the delays in ratification which held up the document until January 10, 1920. The

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return favor whereby the organizing committee agreed to recommend to the Reparation Commission when that body was formed that Germany's treaty obligation of 3,500,000 tons of coal per month be reduced to 1,600,000 tons until April 30, 1920, was a real benefit. Germany delivered 500,000 tons during September and up to January 10, 1920, a total of about 2,500,000 tons.

Two days after the Germans had signed the Versailles or Paris Protocol on August 31, 1919, they received 120 days' notice from the Allies demanding delivery of 3,200,000 tons of coal per month from January 1, 1920, onward. This great amount of coal the railroads could not have transported even if the German mines had been able to supply it. The Germans, however, refused to recognize the legality of this notice, not given in accordance with the terms of the Treaty, which was unfortunately for the Allies not yet ratified and therefore not in force. The Germans stood upon their right to notice after the Treaty was ratified. But if the Germans could not be forced to deliver coal, the Allies would be miserably short during the winter of 1919-20 when the need was at its worst. The Germans, however, refused to give up their right to receive 120 days' notice of required deliveries that the Allies wished under the Treaty until the conference at Spa in July, 1920.

The coal situation, which kept over half of the French blast furnaces shut down and stopped industry all over Europe, was so acute that with Hoover's urgency and aid the European Coal Commission was formed in the late summer of 1919 to distribute the coal production of Europe rationally. Austria, cut off from her normal source of supply by the secession of the old states, went empty-handed. Of all the European countries at the peace conference only Czecho-Slovakia had enough coal. Hoover suggested the formation of the European Coal Commission with the special task of controlling the Silesian coal output. The object of that Commission was to deliver the coal to the countries from the sources where they had got it before the war. Thus the small Pecs coal field in Hungary was ordered to continue to

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supply Jugo-Slavia, which had formerly drawn its chief supply from there. The European Coal Commission continued its work until January 13, 1920, when the Reparation Commission was called into existence, three days after the ratification of the Treaty.

Soon after the Reparation Commission was installed, during March and April of 1920, the Allies presented to the Reparation Commission the list of their demands according to the Treaty. These requests for deliveries from Germany exceeded a total of twenty billion gold marks. The Commission handled these lists and the whole reparation deliveries very clumsily, causing much delay and dissatisfaction, for which Germany was blamed.

Europe was in a terrible plight in the early months of 1920. Not only were the industries running short of fuel to keep the machines going but homes were cold. During the year 1920 no European country had a normal supply of coal. Germany, which possessed the great Continental coal deposit, fared best. She had about 88 per cent of her normal supply; Belgium with mines of her own had about 81 per cent; France had 76 per cent; Italy with no coal of her own had 55 per cent.

The Continent was freezing and idle. Great Britain, however, enjoyed almost a normal consumption of coal. She used 95 per cent of her usual supply. Great Britain, moreover, refused to coöperate in alleviating the Continental stringency. Instead she took advantage of the distress. She fixed a low price for internal consumption and a high price for her exported coal. Thus British industry got cheap coal which enabled it to compete favorably abroad, while the European countries had to pay an extra price for the coal, so that the inland consumers might have the product cheap.

Germany, bullied, importuned, and coerced, made strenuous efforts to relieve the distress. Her deliveries increased monthly. In January, 1920, she turned over to the Allies 536,000 tons

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of coal; in February, 656,000; in March, 688,000; in April, 744,000. In May she delivered 1,123,000 tons, although the Allies had assessed her 1,550,000 tons. The total of her coal deliveries between September 1, 1919, and January 31, 1921, was 19.5 million tons, which she maintained was more than the Treaty obliged her to pay. The Allies declared it was only 75 per cent of her treaty obligations. The controversy is explained by the necessity of 120 days' notice. Since the notice was not legal until the ratification of the Treaty, Germany was correct in her contention.

The French requirements were far from being met by these deliveries, and France pressed for further concessions from her foe. Yet despite her own domestic needs France entered into a contract to supply Switzerland monthly with 60,000 tons of coal from the Saar mines, which had been turned over to her to make good her losses through the destruction of the Pas-de-Calais mines by the German army. Prior to the ratification of the Treaty the Allies and the Germans carried on an angry controversy over the coal deliveries. The Allies could not get enough coal. Germany, beset with difficulties, did her best. On December 1, 1919, in the Essen agreement Germany undertook to raise the monthly transfers to 1,000,000 per month. The frequent strikes that the Revolution brought, as well as high water on the Rhine, made the fulfillment of this schedule impossible.

Germany was unable to deliver more coal than she did. The Allies were far from satisfied with the German explanations of her failure to reach the high and impossible figures they had set for her. They proposed to take her to task but decided to arrange a meeting with her delegates where an explanation might be heard and a schedule agreed upon for future delivery. An invitation was sent in February. After several preliminary Allied meetings at San Remo, Hythe, Boulogne, and Brussels to determine the united Allied course toward the Germans, a conference took place at Spa. This was the first meeting where Ger-

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mans had faced the Allies since the signing of the Treaty terms at Versailles.

That Germany was delivering coal to the utmost of her capacity is vouched for by the fact that Hoover after investigation declared that 30 per cent of the German decrease in output was caused by the lack of sufficient nourishment for the miners. The mines, moreover, had been ruthlessly exploited during the war without regard to future production. Shoring, timbering, cleaning were neglected in the interest of an abnormal war situation. The consequence was that production decreased after the war. The Revolution and the social upheaval attendant upon that event brought a long train of strikes in its wake. The internal conditions in Germany were all against any rise in production of coal or any other product. Peace was followed by a great nervous let-down among the workers and a disinclination to work which all countries experienced. Coal, too, was needed to keep the factories going for the purpose of making reparations deliveries.

Another consumer of coal that rose during the war was the artificial nitrate fertilizer industry to supply munitions during and fertilizer after the war. The chemical industry was in dire need of the by-products from coke. The coke produced in the process of supplying the chemical industries was used as fuel by the railways and other consumers who could not get coal.

Germany was so short that she had to import coal to supply her own deficiency. By the summer of 1922 she was importing more than she exported. In this importing practice of making good the coal that was wrung from her for reparations a great economic waste was committed. Coal barges which brought the coal down the Rhine to Rotterdam for reparation deliveries were loaded up for the return pull up the river with British coal.

This waste not only lowered generally the quantity of coal for world consumption but had a serious effect upon the German exchange. Not only was Germany receiving no foreign balance

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for her reparation coal where this export had previously helped maintain her position but she was now even compelled to lay out money and increase her adverse balance. She suffered thus under a double burden. But in addition after the Silesian partition by the League of Nations she had to purchase Silesian coal from Poland, a foreign country now, where formerly the Silesian coal trade was an internal transaction. Again her trade balance was tipped crazily and the Silesian decision helped to slide the mark into the final abyss.

The Reparation Commission was familiar with the German reasons for failure to deliver coal and coke in the quantities demanded. But the nations it represented were not satisfied. The people wanted coal, reason or no reason. Before the Spa meeting took place the Allies came together in several conferences to straighten out their own differences. In April they met at San Remo, in May at Hythe, in June at Boulogne and just a few days before Spa, on July 2nd and 3rd, they met at Brussels. Lloyd George played the mediating rôle, endeavoring to wean the French away from their irreconcilable position of demanding the limit. The English Premier made slow headway but did gradually succeed in softening the French somewhat. Upon the British urging the Spa meeting with the Germans was decided upon.

Preceding the Spa Conference, which began July 5, 1920, the Reparation Commission had in accordance with the terms of the Treaty declared Germany to be in default in coal deliveries. This had come about when on May 29, 1920, the Commission had ordered Germany to increase its coal deliveries to Poland from 200,000 tons to 450,000 monthly, giving as a reason that Poland, then at war with Russia, needed more coal. Germany by this demand received greatly reduced coal shipments from Silesia, and to replace the reduced receipts from this important source she deliberately cut her deliveries to the Allies from the Ruhr by 10,000 tons per day. As a consequence the Lorraine plants were shut down in June.

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France was greatly incensed over this forced closing and passionately demanded that Germany be declared in default. This was the beginning of the complete subversion of the Treaty which had established the Reparation Commission as an independent agent to sit aloof and uninfluenced in its judgments. Here powerful France was exerting pressure upon the Commission to declare a voluntary default when the Commission should have arrived at its decisions on its own deliberations. Under the influence of France the Reparation Commission on June 30th, just five days before Spa, declared the Germans guilty of voluntary default.

The Commission was further ill-disposed to Germany because the Reich had allowed the steamers, being built there for Holland before the war, to depart. Later the Allies recognized that there was nothing else Germany could do legally. They were Dutch boats. Germany also had suspended deliveries of horses to Belgium. The atmosphere was none too good. Although it was the first time Germans and Allies met and actually conferred, the war outlook still persisted and the Germans were completely isolated in their quarters. Stinnes, the mighty German industrial baron, who was a part of the delegation, in his address to the conference used sharp words, saying, "I have risen that I may look my opponents in the eyes." He also mentioned "lunacy of the victors."

Despite these unpromising incidents much was accomplished. Germany was ordered to turn over 2,000,000 tons of coal each month for six months from August 1, 1920. But a great advance was achieved in return for these impossible demands. Until now all coal handed to the Allies was merely credited to reparations, but from August 1st onward Germany was to get five gold marks for every ton delivered. This concession was made so that the miners might get something like normal rations. Their output was impaired by starvation. For coal delivered overland the Reich got the difference between the German inland price and the British export price. These sums were nominally a loan to

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Germany but in reality they were payments. At Spa it was agreed that the sums so "loaned" should be paid back by May 1, 1921, with six per cent interest. Since Germany simply could not repay the cash, a later agreement arranged that the moneys advanced should be deducted from other reparation deliveries. Germany, however, had to make the reparation deliveries anyway, so that the money received for coal was virtually a direct payment.

Through this procedure Germany received 360,000,000 gold marks at a time when funds were earnestly needed for importing foodstuffs and raw materials. Although the turning over of 2,000,000 tons of coal necessitated short deliveries to German industry, the money was so urgently required that the hardship was offset by the benefit. It was at the Spa meeting also that the Allies settled among themselves the share each should take in the reparation credits. France was to receive 52 per cent, England 22 per cent, Italy 10 per cent, Belgium 8 per cent, and the other countries between themselves 8 per cent.

Despite Germany's efforts to maintain the 2,000,000-ton schedule she could not quite keep it, although she fell only 255,065 tons short in twelve million tons. The Commission set the amount for February and March, 1921, even higher, at 2,200,000 tons, to make good the shortage. The strain to keep the Spa schedule was impossible over a long period and Germany did not meet the excessive and impossible Allied figures.

Fortunately for Germany the Allies presently lost interest in the coal question, for the shortage disappeared in the last half of 1920. The great business boom that followed the cessation of hostilities had turned into a monstrous trade depression which closed industries. The coal was no longer needed. A further relief for the overtaxed German coal mines came when the English coal owners initiated a vigorous campaign to recapture their lost markets. The settling of the English coal strike had increased the output of the mines. France found herself stocked with more coal than she needed. The governmental control of the coal was

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no longer necessary and the rationing was ended. As a result the consumers in France, now free to exercise their choice, expressed their preference for English coal, which was then of a superior quality to the German product.

Coal had become a drug on the market. France and Belgium had been restocked. The coal produced from the Saar mines in 1920 was no longer needed, so that, of the 7,684,000 tons mined there, 3,448,000 tons or forty-four per cent were used in France, while 4,200,000 were sold back to the German states of Baden, Württemberg, and Bavaria. In order to induce their buying France cut the price. The remaining 36,000 tons were sold to the "reclaimed" French brothers of Alsace at an increased price of ten to fifteen francs per ton out of sheer joy for the reunited family. The iron and steel business at this time was slow and miners in France and Belgium were threatened with unemployment. The Reparation Commission, therefore, tacitly but not officially agreed to the short coal deliveries and never protested.

The pressing coal emergency, which was an international, continental problem, had finally eased and passed away. France no longer had any coal worries. From now on her main problem was to assure herself of coke. During 1921 and 1922 Germany made very substantial deliveries of that product, although at times, as during December, 1921, the quantity received was very inadequate. During that month Lorraine was again in very dire straits. France again urged the Reparation Commission to declare Germany in voluntary default, but Germany forestalled this action by quickly raising her deliveries.

A comprehensive reparation plan had not yet been made. In the Inter-Allied conferences England had persistently advocated concessions, while France stood for the letter of the agreement. At Boulogne June 21, 1920, the Allies reached a definite understanding which provided that Germany was to pay three billion marks for a period of forty-two years. A total of 269 billions was to be paid in forty-two years.

This plan soon fell into the discard. The approach of May

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1, 1921, when a reparation scheme must be worked out that Germany must comply with, necessitated an agreement. The German and Allied experts met in conference at Brussels from December 16 to 22, 1920. The plan evolved here by the practical economists was that Germany was to pay three billions per year from 1921 to 1926. At the end of the five years the subsequent annual installments would be fixed. A substantial part of the annuities should be paid in deliveries in kind. The cost of maintaining the Allied armies of occupation was to be restricted to \$60,000,000. Further, the Allies were going to waive their right to German ships. Germany on her part was to set her budget in order. This scheme was a great advance over former projects.

But all the good work went for naught since the meeting of the Supreme Allied Council in Paris from January 24 to 30, 1921, ignored the work completely. At this gathering a breach seemed imminent between the French and English. But after the first days Lloyd George and Briand got to understand and like each other. An agreement was made possible. The Council, without regard for the recommendations of Brussels, elaborated its own plan of payments as follows:

2,000,000,000	gold marks	for	2	years
3,000,000,000	"	"	3	"
4,000,000,000	"	"	3	"
5,000,000,000	"	"	3	"
6,000,000,000	"	"	31	"

In addition to the annuities a twelve per cent levy was to be made on all German exports. The plan was palpably impossible but may have been merely an effort to assist Briand in his internal political difficulties.

The Allies had decided among themselves what Germany must pay; the next step was to compel her acceptance of such an undertaking. For this purpose a meeting was arranged in London from March 1 to 7, 1921. The German Delegation arrived in London on February 28th, headed by Dr. Simons, the Minis-

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ter for Foreign Affairs. The party consisted of sixty members and was the first large group of Germans to visit England since the outbreak of war. Upon their arrival the English porters refused to carry their baggage. This hostile feeling followed them throughout their stay. The conference between the two parties started on March 1st, when Dr. Simons made his offer to pay twelve and one-half billion dollars, from which five billions were to be deducted as the value of reparation deliveries to that date. This deduction left seven and one-half billions Germany was ready to pay. But the offer further depended upon the raising of a two-billion-dollar international loan to assist Germany in getting her finances and industry in order. Because the sum offered was so far below what the Supreme Council had unexpectedly set in Paris when it had overridden the plan worked out by the experts in Brussels, Lloyd George ended this sitting very gruffly before the Germans had had time to complete their announcements.

The German suggestion caused great indignation among the Allies, who spent the next two days preparing for their move on Germany. From March 1st to 3rd the German delegation had no contact with the Allies. But on the 3rd Lloyd George read the Germans a lecture on their black war guilt and ended with an ultimatum that if they did not accept the Paris schedules by March 7th, the Allies would occupy Duisburg, Ruhrort, Düsseldorf, three important industrial cities in the Ruhr-Rhine region.

The delegation had left for London with all Germany incensed at the impossible demands that the Paris meeting of the Supreme Council had decided to impose on Germany. Dr. Simons himself had declared to the National Economic Council that he would go to England prepared to say that Germany could not do the impossible. On the other hand the Allied peoples were outraged at the small size of the German offer. A valiant effort was made without success to bridge the turbulent differences in two private conferences. The final, official meeting took place on March 7th. As the delegates arrived the crowd

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cheered the Allies and shouted to Lloyd George: "Make them pay." The Germans made a very reasonable offer to accept the Paris scheme for a period of five years, after which the Treaty was to return into force. But the opinion in the Allied countries was too excited to be content with anything less than a complete subjection of the Germans to the Allied demands, possible or impossible. Simons's proposal was rejected and Marshal Foch, attendant upon the conference, telegraphed his troops March 7th to advance at seven a. m., March 8th.

The second of the illegal occupations now followed. Germany withdrew her ambassadors from London, Paris, and Brussels to protest the invasion. The London Ultimatum, demanding the acceptance of the Paris decision, the Germans had a right to refuse, since it went far beyond the terms of the Treaty itself, whose terms alone they were bound to follow. The Allies offered as reasons for their occupation the delay in delivering war criminals, the noncompliance with the disarmament clauses, the failure to pay the twenty billions (which were not due till May 1st, however). Since it was only March 7th, and before the due date of the debt, no sensible person, much less a law court, would declare anyone in default. After the invasion was an accomplished fact, however, the Reparation Commission tried to cover the Allied lawlessness by making a formal demand upon Germany for the payment of the twenty billion gold marks.

Germany took the invasion calmly, with restraint but also with resentment. She turned her attention to the reparation problem, an incubus that the country devoted her best energies to lifting. So long as the matter was not settled Germany's finances were bound to be unstable. Her credit abroad with such a momentous matter uncertain was worthless; the mark fell ever lower. Her next attempt to regulate the reparations was on April 24th, when she requested President Harding to transmit an offer to the Allies of twelve and one-half billion dollars, which was to pay interest at four per cent but which would increase with the rise of German prosperity. As much as possible

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was to be raised by an international loan. Reconstruction of the devastated regions was guaranteed. Germany was ready to pay \$250,000,000 in cash immediately and to assume the Allied debt to the United States. The total annuities under this plan amounted to \$550,000,000, which is near what the Dawes Plan nets. The Allies, however, were not interested.

May 1st was now only a week off. The total liability must be fixed. On April 27, 1921, the Reparation Commission announced that 132,000,000,000 gold marks or \$33,000,000,000 was the sum they had settled upon. This was astonishingly moderate, since in view of the Paris scheme and other Allied pronouncements the world was expecting an amount between two and three hundred billion gold marks. With this declaration of \$33,000,000,000 it was clear that the London Ultimatum had demanded more of Germany than the Treaty itself did. The Germans had been justified in their refusal within a month by the action of the Allies themselves.

The Treaty not only required a fixing of the total liability but also a plan for Germany to pay it off. The Supreme Council met in London during the last days of April for this purpose. After the Council had worked out its scheme it summoned the Reparation Commission to adopt the plan worked out. This was necessary to keep within the strict terms of the Treaty, which said that this was the duty of the Commission. The plan itself envisaged the following delivery of obligations:

July 1, 1921	12,000,000,000 marks	A bonds
Nov. 1, 1921	38,000,000,000	B "
Nov. 1, 1921	82,000,000,000	C "

The yearly payments were to be 2,000,000,000 gold marks plus a twenty-six per cent tax on all exports leaving Germany. There was an immediate cash payment of 1,000,000,000 gold marks. A committee of guarantees was to be established in Berlin. The Reich was to be responsible for the shipment of materials not only for the reconstruction of the battle areas but also for the

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economic development of the Allies. This last provision was in excess of the Versailles Treaty. The threat of occupation was also illegal.

In Germany a protracted and bitter struggle took place over the question of signing this document. Although the plan envisaged a possible payment of 132,000,000,000 gold marks, still the actual payments were only on the A and B bonds, or on a sum of 50,000,000,000 marks, equal to what Germany had offered in her proposal through President Harding. The scheme, moreover, was moderate in that the C bonds carried no interest until it was decided that Germany could carry this obligation also. The fight in the Reichstag for acceptance by Germany was won by a narrow majority. A new cabinet under Chancellor Wirth was formed with the policy of fulfillment. The most important member of the cabinet with Wirth was Walter Rathenau, a gifted Jewish business man, largest shareholder of the German General Electric, whose administration of the Industrial Materials Board during the war had been very capable. Rathenau took over the post of minister of reconstruction.

With the acceptance of the Second London Ultimatum the mark began to recover. The billion-mark cash payment was the first earnest cash transfer that Germany had to make. Up to May, 1921, Germany had turned over in cash only 124,000,000 gold marks, all the other vast payments being in kind. Before the end of May the government had secured 150,000,000 marks without disturbing the market and by gradual acquirements had obtained 600,000,000. The government had great difficulty with the last 400,000,000 and, in order to raise it, had to borrow that amount from an international banking group. On August 31, 1921, the billion payment had been made. But, when the short-term loans came due and new sales of marks became necessary to secure foreign exchange, the German currency suffered a sharp drop from sixty to one hundred marks to the dollar. It was a curious phenomenon to see the decline set in, not during the

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transactions for the billion transfer, but after. The policy of fulfillment was initiated with success, although the fall of the mark was ominous.

Of the deliveries in kind that the Allies could demand under the Treaty we have seen how the Germans agreed to deliver coal before they were obliged to do so. The first regular list of deliveries in kind under the contract was given to Germany during March and April, 1920. The articles requested were mostly wood and industrial materials. A great obstacle arose at once on the computation of payments. Should the shipments be reckoned in gold or paper currency? at what price? (German or world price? in German currency, or in the currency of the country receiving it? To German business men these questions were of great moment. In order to calculate their investment in raw materials, much of which had to be bought abroad, they needed some stable currency as a basis. After much ill feeling it was finally agreed to use a stable currency and let each government itself look out for currency fluctuations. Quite apart from the money difficulties it soon became apparent that the whole system was bad, that the requisitioning directly from one government to another was wrong. The governments were not business men and did not know what to order or what amounts would find a market.

What was not requisitioned in materials, must be paid in money. Germany could not survive under such a load. If her monetary system was not to go entirely to pieces, the enormous transfers of cash to the Allies would have to be cut to a minimum. In other words, deliveries in kind must be as large as possible. Unfortunately the deliveries under the London scheme fell behind expectations. To ascertain the truth for itself the Reparation Commission came to Berlin in November, 1921, to study the situation at first hand. This was the first time that that body had ever been in Germany, although its decisions were so vital to that country. At the time of its arrival matters were extremely bad. The League of Nations had just made the partition of

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Silesia, giving the most valuable sections to Poland. The mark had fallen to 300 to the dollar.

The German representatives had time and again offered to send workmen and materials to rebuild France and Belgium speedily, but political and patriotic considerations had resulted in these suggestions going to naught. As an instance of how this phase of reconstruction was blocked it may be cited that a French deputy, desiring to have his district rebuilt rapidly, requested the French Government to arrange for the importation of German workingmen. The officials would not undertake such responsibility and agreed only if a plebiscite showed the population in favor. A vote was taken with an affirmative result. The government then became alarmed at the possible reflexes of such a movement and sent speakers to "explain" the matter to the district. A second vote then returned a negative outcome.

The government-to-government deliveries had shown themselves inefficient and thoughtful men sought a new method. This led to the series of agreements which attempted to eliminate the governments from these transactions and to have private business organizations undertake the delivery and distribution. The first of these compacts was the Wiesbaden Agreement of October 6 and 7, 1921. Loucheur, the French minister of reconstruction, and Rathenau, his German confrère, were big business men in their respective countries. The shipments that were embraced in this pact were for reconstruction only. The idea was that private business in France would order from private business in Germany. The French purchaser would make no payment in cash but only a part of the price was to be credited at once to Germany's reparation account. The balance was to be advanced by Germany to France as a loan until a later adjustment was made in the reparation bookkeeping. By this arrangement France received a priority over the other Allies, who objected and finally caused the scheme to be discarded. The great virtue of eliminating the governments was secured by this plan. The Reparation

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Commission had nothing to do but to credit the amount on its books.

The Bemelmans-Cuntze Agreement of February 28, 1922, and June 2, 1922, the second of these attempts, followed the ideas of the Wiesbaden arrangement. This second agreement applied only to goods for which Germany imported the raw material to make the finished product in her factories. The Allied purchaser had to pay cash in order to meet the German expense in importing the raw materials. Another of these compacts was that of March 15 and June 6 to 9, 1922, called the Gillet-Ruppel, its negotiators. This copied the Bemelmans-Cuntze plan. The last, the Stinnes-Lubersac arrangement of August 30 to September 4, 1922, was an attempt to arrange a business organization for deliveries. Although much was promised and expected from this, little was accomplished because a few months later the French invasion of the Ruhr stopped all friendly intercourse between the two nations.

The efforts to solve the reparation problem, which in essence was only the impossible task of meeting the expectations of the Allied people who had been led to await a new and better and more beautiful world with comfort, well-being, and public effulgence flowing from the German cornucopia, which in reality was only a rusty tin horn, resulted in the more or less steady decline of the German exchange. To assure themselves payments in stable values the Allies required Germany to make her remittances in dollars, with the result that Germany was forced to sell all exchanges in her effort to obtain the needed dollars. The exaction of the Allies had its boomerang on their own currencies. From May 20 to July 30, 1921, the steady sale of English pounds by Germany, in her effort to raise the billion marks, caused the English pound sterling to fall in value from \$4.00 to \$3.57. The French franc dropped from 8.78 cents to 7.64. Similar action was noted in Belgian francs and even in neutral currencies like Swedish kroner.

The mark's fall caused great alarm in Germany and efforts

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were made to bolster it. One plan that achieved prominence was the Hachenberg plan, advocating a mortgage on all German industries in an attempt to raise money to stem the drop. The National Association of German Industries in its meeting of November 4 and 5, 1921, rejected this procedure as an unjust burden on industry and in its turn proposed to loan one and one-half billion gold marks to the government, if the latter would pledge itself to economy of administration and give freedom to commerce and industry to develop naturally instead of hedging them with governmental regulations. The counter proposal also demanded that the government surrender the railways to a private corporation. This offer of the industrialists caused great indignation and excitement among the Socialists, who countered with their own scheme, proposing the socialization of many industries and the admission of the government into the capital of others. The effrontery of private business men dictating to the government caused a stir in the rest of the world as well as in Germany.

The many German suggestions on the reparation tangle resulted in nothing and the slide of the mark continued, making it apparent that cash payments could not be kept up. From June, 1921, when it had been fairly stable around 60 to the dollar, the mark fell to 100 by September and 183 by December. The German Government, convinced that under such circumstances the payments were suicidal, addressed a note to the Reparation Commission under date of December 14, 1921, setting out the impossibility of meeting the forthcoming payments. The reply of that body was in a tone of righteous indignation, advising Germany to put her house in order before making such a request. The Allied press, voicing popular opinion, had been accusing Germany of deliberately unsound financial practice.

There were factors other than those tending to force down the mark. The strongest influence holding the mark up was the investment of foreigners in German currency and bonds. It has been estimated that Germany received in this fashion between

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\$800,000,000 and \$1,000,000,000. A wave of speculation set in all over the world, for people were convinced that the mark would recover and that immense wealth awaited those who had purchased the depreciated mark. There were brokers in the United States who did nothing else than sell marks. Out of these huge sums flowing into the country, Germany was able to feed herself and raise the necessary money to purchase the sorely needed raw materials. Another thing that helped the currency was the fact that until May, 1921, very little cash payment was required. But after May, 1921, huge obligatory transfers of money alarmed the foreign investors, who endeavored to sell their holdings. All factors from now on were working against the mark. With the nation only in the market as a purchaser and never a seller, German speculators knew as a certainty that if they bought foreign exchanges the government would have to buy from them at an increased price.

The situation had become so bad that the Allies felt they must do something, if there were to be any payments at all. Germany was accordingly invited to meet the Supreme Council at Cannes. Rathenau and his party arrived on January 11, 1922. The French political situation unfortunately, instead of being favorable to concessions to put Germany on her feet, rather demanded vigorous action. Because in the Allied countries the nonsensical notion was abroad that Germany was prosperous but willfully pushing down her money in order to avoid reparation payments, Rathenau felt that he must explain to the meeting why the mark was constantly falling. In the middle of his speech, in which he declared that four million workers in Germany were laboring to satisfy Allied demands, news arrived that Briand and his cabinet had fallen. Since this political change rendered the Supreme Council unable to make decisions, the negotiations had to be continued with the Reparation Commission, which finally agreed that Germany should have a partial moratorium during the months of January and February. Instead of the full payments Germany was to pay thirty-one million marks every ten

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days. This sum represented the amount that it was expected would be collected from a twenty-five per cent levy on customs and from the export duty.

At Cannes it was decided that an international conference should be held, which should be not only a meeting where the Allies accused and Germany explained herself, but where all nations, European particularly, could come together and help the world out of the economic morass. The French, always wary of any moderation of the reparation demands on Germany, made it an expressed proviso that reparations be untouched. Genoa was designated as the assembling place for April 10, 1922. The possibility of a loan to Germany was also to be discussed.

The conference at Genoa got under way and seemed to be going along auspiciously when the Russian question shattered all its prospects and threatened to bring on a crisis. Article 116 of the Versailles Treaty reserved the "rights of Russia to obtain from Germany" reparations. Although with Russia Bolshevik and under an Allied ban there was not much danger that this provision would enter into force, yet so long as this Damocles sword hung over her, Germany could not entertain normal relations with Russia. Negotiations had been under way for some time between these two countries whom Allied oppression had brought together in sympathy. Each country agreed to renounce any rights or claims it held against the other.

The Allies had also harbored plans to regulate Article 116. Lloyd George began bargaining with the Russians who like the Austrians, the Hungarians, and the other ex-enemy nations had also been invited to Genoa. The Germans, fearing that some agreement would be reached to their prejudice, took alarm at the news that Lloyd George was dickering with the Soviets independently. The long pending matters were quickly brought to a close between Russia and Germany and on Easter Sunday, 1922, Rathenau rode to Rapallo, a small Italian watering place near Genoa, and signed the Treaty of Rapallo. The terms had been



Courtesy of German Tourist Information Office

Walter Rathenau

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drawn up and were ready for signature in Berlin over a week before the Genoa conference.

A hue and cry went up among the Allies when the agreement was revealed and once more the treachery and bad faith of Germany was proclaimed. The just rights of Germany to guard her interests were not recognized, nor the circumstances that frightened her into signing at this time. The closing of this pact broke up the international meeting in Genoa. The Allies were perhaps somewhat justified in their wrath, since subsequent events have tended to corroborate the version that the Rapallo Treaty included secret military clauses.

In the meantime the mark kept up its slide. In April, May, and June it stood around 300 to the dollar but by the beginning of July, 1922, it had dropped to 500 to the dollar. With such conditions Germany could not feel warranted in draining herself in a task which was impossible anyway. Each transfer of money brought the mark down proportionately. On July 12th, therefore, the Reich made a request to the Reparation Commission for a moratorium for the year 1922—not a partial but a complete suspension of payments. Again the Commission sharply answered that no help would be considered until Germany had done everything herself to stem the tide. The budget particularly was the object of attack.

The London Conference of August 7, 1922, was called to discuss the pessimistic situation. Poincaré refused to consider a moratorium unless Germany gave "productive guarantees." This was the initiation of the policy that was to become infamous in the Ruhr invasion. The conference ended August 14th without having achieved a thing.

The relations between the Reich and France had now become very strained. In France the old cry was raised that Germany must pay and that she was only attempting to evade her obligations, although the capacity to pay was there. Poincaré made almost a stumping tour of his country, speaking so often that his talks got the nickname of the "Sunday sermons." They

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were all the same plaint: "the criminal attempts of Germany to evade reparations."

By the end of September, 1922, the mark depreciation took on a new momentum and by November 8th it stood at 9,000 to the dollar. The German Government, in a desperate effort to convince the Allies and the world that the collapse of her currency was not a premeditated policy and under the circumstances was inevitable, engaged a group of internationally famous economists to investigate the conditions. The group included such figures as Keynes and Cassel. The results of their labors were turned into a booklet rich in graphs and statistics, convincing to an unprejudiced reader. Copies of the book were transmitted by the German Government to the Reparation Commission, which did not even acknowledge the unwelcome gift.

The fall of the mark epitomized Germany's economic ruin, entirely discrediting Wirth's policy of fulfillment, and he made way for Cuno to become chancellor. Before his fall Wirth had startled the country by seriously discussing the advisability of Germany declaring national bankruptcy. Cuno in a speech on December 4th, shortly after assuming the premiership, stated in terms different but to the same effect that Germany must refuse to sign any new agreement unless it was a reasonable one and an offer she could fulfill. The nation was tired of signing impossible demands in the hope that sense would return to the Allied nations when the impracticability of the terms was shown. Cuno's proposals for a viable plan to meet the precarious situation were summarily rejected in London on December 9, 1922, by the Council of Ambassadors, which resolved on a further meeting in Paris for January 2nd.

Between the London and Paris gatherings of the Council of Ambassadors the wood deliveries became an especial object of attention. The Allies were thwarted in their expectations of very substantial shipments of wood from Germany, which possessed splendid forests. The expectations were not realized for various reasons. The government itself did not own much timber land and

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was compelled to buy in the open market. It contracted to purchase wood at a stipulated price, but between the time of the order and the delivery the mark depreciated so far that the timbermen could not deliver without going into bankruptcy. Price adjustments had to be made. Valuable time was lost; the wood shipments were hindered. The determination of a price suitable to Allies and Germans caused further delay. On December 26, 1922, the Reparation Commission on the urgent motion of France declared Germany in voluntary default on wood shipments.

The Paris Conference opened January 2, 1923, as scheduled by the London meeting. Every government except Belgium had a reparation plan to submit. The English suggestion, because of the liberality of its terms and because of the concessions it demanded of the Allies, caused much excitement. The meeting with its conflicting solutions broke up January 4th without results. The world knew by this time that France was firmly resolved to march into the Ruhr in an effort to accomplish her objects alone.

But some excuse was required for such drastic action as a single-handed and protested Ruhr invasion. The voluntary default in wood declared by the Commission on December 26, 1922, would hardly help, since the Ruhr contained no timber. The French, therefore, moved to declare a coal default. Germany had indeed, as described earlier in this chapter, been steadily behind in the full quotas, perhaps about ten per cent a month, but the Allies and the Reparation Commission had seen fit to overlook this shortcoming. The Commission was well aware too that the demand of 1,700,000 tons monthly was close to the limit that Germany could ship. What with the abundance of coal in the Allied countries little attention was given to this aspect of reparations. But now with the French in desperate need of an excuse for their contemplated action, the Commission was hustled into a declaration on January 9th against the vote of the British delegate that Germany in this obligation also was in voluntary default. The French were set for punitive measures now; on January 11th the invasion of the Ruhr commenced.

CHAPTER XI

THE SIGNIFICANCE OF THE RUHR

THE importance of the Ruhr was no secret. Twice before it had been occupied by the Allies, but fortunately only temporarily. Its superlative value lies in the fact that it contains the largest and best coal deposits in all Europe. The next largest coal region on the European continent is in Silesia. Both of these reservoirs belonged to Germany before the war. But of the two the Ruhr was far and away the superior. Its great ascendancy arises from the excellence of the coke made from Ruhr coal. Coke is chiefly of value as an indispensable material in smelting iron ore. For this purpose coke must be porous to permit the passage of the air blast. Since the coke is put near the bottom of the blast furnace and tons of other materials such as iron ore and limestone are piled on top of it, the coke must be capable of sustaining great weights. It must be in large pieces and therefore not be brittle and easily broken into small pieces. It must have a large percentage of carbon both for heat and for chemical purposes. All these qualities are found preëminently in Ruhr coke. Coke made from the Saar mines on the other hand has only about 62 per cent of the value of Ruhr coke. Saar coke must be mixed with 20 per cent Ruhr coke to produce satisfactory results.

One hundred and fifty miles away from this great Ruhr coal deposit lies the huge Lorraine iron district. As the Ruhr stands out as Europe's greatest coal region, so the Lorraine iron fields rank as Europe's greatest iron district. Of the Lorraine iron 95 per cent now lies in France and the rest in Belgium and Luxemburg. These ore fields contain enough iron to supply Europe's needs for hundreds of years.

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The Ruhr coal only one hundred and fifty miles distant is sufficient to smelt forty times the quantity of iron in the Lorraine iron fields. In fact, the Ruhr could smelt all the iron in the world two or three times. Two and one-half billion tons of coke would smelt Lorraine's 1.6 billion tons of iron. Belgium or France alone possesses enough coke to reduce the Lorraine iron but they would then have nothing with which to drive the machinery to make steel or to produce other goods.

It was only inevitable that the Ruhr and Lorraine districts should have been formed into a great economic system before the war. The Ruhr-Lorraine system embraced not only French Lorraine and German Ruhr but the Saar, Luxemburg, and Belgium as well. A very brisk traffic took place in the exchange of iron ore and coal and coke. It happened to be a fact that four tons of coke took up as much space as five tons of iron ore and from that fact arose the basis of exchange. The freight cars engaged were constructed to account for that ratio: Germany sent four tons of coke and took back five tons of ore. With the four tons of coke France could smelt ten tons of ore, while five tons were shipped back to Germany. With the coal and coke imported from Germany, Luxemburg and Lorraine were actually able to rival Germany's output of pig iron.

In the production of steel from the pig iron Germany was unrivaled by France, Luxemburg, or Belgium. Here the great advantage, the indispensability of great supplies of coal came to the fore. The making of steel not only requires extra fuel to melt out the carbon from the pig iron but demands heat and power even more. The steel must be kept in a red-hot condition so that it can be rolled into the desired shapes. For this great quantities of coal are necessary, more than France or Belgium can spare of her resources, for coal is the nucleus of all industry.

The manufacture of steel demands much more coal for power than coke for purely smelting purposes. The percentage of coke used in the world compared to the consumption of coal shows how important the coal is. In the United States 13.6 per

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cent of the coal production is consumed as coke, while 69 per cent is used to produce power; in France only 6.7 per cent of her coal production becomes coke; in Germany, however, the enormous proportion of 27 per cent is made into coke.

Germany, compared to the United States, therefore, turned twice as large a part of her coal into coke. Germany was able to use so large a percentage of her coal production for purposes other than power because she had built up a vast chemical industry which demanded the gases and other by-products released from the coal in the manufacture of coke. She was further aided in her power column by an extensive use of lignite, or brown coal, of which eleven tons is equivalent to two tons of coal.

There are, of course, other sources of power in the world but none comparable to coal in importance. The total consumption of oil and gas in the world produces only from 10 to 15 per cent of the world's power. Water power furnishes only 5 per cent. It remains for coal to supply the earth with 80 per cent of its power needs. The future will probably see little substantial change in this ratio. The countries which are blessed with rich coal deposits will continue to be prosperous.

The tremendous power requirements of modern industry forced France to stop with the production of pig iron. It must be realized that the manufacture of steel from pig iron does not stop with the mere industrial process of burning out carbon from pig iron and then heating and rolling it into desired shapes. The civilization founded on the use of steel must also be developed. The far-flung nexus of industries depending on steel and themselves demanding great expenditures of power must be built up to absorb the steel produced. It was this modern industrial society so exigent and so lavish with power that France with her limited coal did not possess and could not possess. Nor could she make steel for export since the cost of importing coal to manufacture the steel would make her finished product too expensive in the competitive markets of the world. France, therefore, had

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to stop with the output of pig iron. Since she produced more than she could herself use, Germany with her great coal resources was the natural market for Lorraine pig iron.

On the basis of the coal and coke exchange for Lorraine iron ore and pig iron, the Ruhr-Lorraine district including the Saar, Belgium, and Luxemburg had become one of the greatest iron and steel centers of the world. It was an economic unit. Although the United States produced more iron and steel than the Ruhr-Lorraine, yet the latter was more important to the world's export markets, for the American product was absorbed at home. Since the Ruhr-Lorraine was the greatest European producer and since the backbone of all European business was embedded in iron and steel, it is no wonder that the traffic between these two nearby regions was the heaviest in Europe.

Quite unforced, wholly responding to natural economic conditions, the Ruhr-Lorraine had become at the outbreak of the war an inextricable unit. The quick German advance engulfed French Lorraine, wiping out the pre-war political boundaries between the two parts of the economic unit. Germany was in complete control. There were no import or export limits or duties. The industrial system that had grown up naturally despite the political bounds was now heightened. Not only was French Lorraine in German hands but Belgium and Luxemburg as well, while the Saar had been German from time immemorial. The center of European production was wholly directed by Germans. Soon, with the invasions in the Balkans, in Rumania, in Russia, in Poland, a good part of the pre-war consumers of Ruhr-Lorraine iron and steel were embraced in the German economic area. The result was that the Ruhr-Lorraine district was feverishly busy with war work.

Germany with this great expanse from northern France and Belgium to Russia and the Balkans was suddenly confronted with a monstrous burden of organizing the economic life of a vast territory. Virtually the whole region was under the rule of the German mark, which had been arranged to take care only of

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seventy million Germans. The Allied blockade, drying up imports and stopping normal exports, accentuated the pre-war adverse trade balance, which rose to 15 billion marks. It was a difficult time for Germany. Added to the failure of exports to adjust the trade balance, her foreign investments, which had almost alone met the adverse account before the war, practically stopped paying. To cap the misfortune came the necessity of increasing her import of raw materials with its demand for foreign payments.

As a result of these untoward conditions the German mark inclined to drop constantly, causing the government to spend some 450 million gold marks in the bourses of Holland, Sweden, and Switzerland to peg the mark.

The whole occupied territory, now incorporated into the German fiscal system, tended to drag the mark down. The Reichsbank had to carry the burden of all the countries. In order to avoid a direct relation between the German mark and Rumania, Poland, Russia, and the rest of the invaded currencies a series of banks with note-issuing power were established. The German State Bank in Posen issued the East mark, the German Bank in Warsaw the Polish mark. In Belgium a franc was circulated, in Rumania the lei, in northern Italy, in northern France, currency nominally independent was issued, but always against a mark balance in the Reichsbank at Berlin. That bank did avoid a great increase of its notes directly but nevertheless had to carry the load of the whole fiscal arrangement.

The intensified unity of the Ruhr-Lorraine system created during the war was abruptly and rudely destroyed by the peace. The Treaty cut directly into the unity that had grown up. Before the war the tendency had been toward vertical concentration. Not only had the exchange gone on briskly but the German firms had purchased interests in the French Lorraine fields to assure themselves of supplies. This phenomenon had been styled "*intégration à distance*." The steel industry from raw material to finished product was united under one enterprise.

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The sublimated unity of the war was replaced by hate and narrow nationalism. Each country wanted to be self-sufficient, although even the most resourceful nation in the modern world is dependent upon the outside world. The economic system which had been the vertebra of Europe was broken. Purchasing power vanished. Political control replaced economic supremacy. The long repression of the war and the appeal to sink self-interest in patriotism led to a strong reaction in the labor ranks. Strikes broke out for higher wages, for shorter hours, for escape. There was a great nervous let-down after the intensity of war conditions. Working efficiency decreased alarmingly. Factories and mines were in a deplorable state due to the failure to repair and replace in the effort to produce only for the maw of war.

France got immediate possession of the Lorraine iron resources at the Armistice but she had no coal. The whole industry was practically closed down after hostilities were suspended. Out of sixty-eight blast furnaces sixty were in good condition. But the troubles immediately after the war permitted only twenty-seven or eight to run at any one time. Some of the plants were badly damaged by the shortage of lubrication during the war. Finally the system was impaired by the opposing attempts to get both reparations and reconstruction. These two sides of the indemnity were often mutually exclusive.

While the Treaty cut ruthlessly into the economic structure of the iron district, it did not fail to recognize the peculiar relation of the coal and coke to the iron. The Treaty did explicitly assure the French and Belgian iron districts that they would be supplied with the indispensable Ruhr coke. Not only were the Allied countries given the right to demand German coal but even Luxemburg was included. As in every other division of the Treaty the Allies, rather than find themselves chagrined with less than might have been obtained, liberally guaranteed the iron ore regions twice the amount of coal they had used before the war.

The coal and coke was offered to these countries in the form

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of options, so that they could purchase elsewhere or take only small quantities if so desired. But on the other hand the Allies could only deposit a list of the amounts of coal they desired from Germany with the Reparation Commission, which was to consult with the Reich on its capacity to ship. Theoretically, therefore, the Reparation Commission had full power to regulate the relations between Ruhr and Lorraine, relations which, prior to the war, had been the most significant and vital of any economic structure in Europe. It was arranged by the Treaty that Lorraine could have three tons of coke in place of four tons of coal, if desired. The pre-war ratio was four to five. These clauses giving the Allies a guaranteed right in Ruhr coal and coke are the basis for the contention that the Treaty of Versailles was a farsighted document which guarded the economic life of Europe.

But it is a question whether the Treaty was not rather looking after the interests of France, Belgium, and Luxemburg, which needed the Ruhr coal desperately. The reciprocal right of Germany to secure iron ore from Lorraine was not granted in the Treaty. This side of the matter had to be considered as much as the other if the vital economic unity was to be protected. Perhaps, indeed, the treaty makers expected that to follow: if coal went one way, ore and pig iron would go the other. Why, however, could it not have been written in, if the economic interests of Europe were so near to its heart? France, for instance, was given the Saar for a period of fifteen years as compensation for the incapacitating of the Nord and Pas-de-Calais mines. Yet at the same time she was guaranteed German coal to make up the difference between the amount of coal mined before the war and after the war. A safeguard against deducting any time that the Nord and Pas-de-Calais mines were standing idle was not even given.

Perhaps, however, the Treaty did make some efforts to continue the functioning of Europe's heart. We may overlook the double quantity that was assured to the Allies. And we may

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overlook the unlooked-for consequences of the inflation. The prices that the Treaty set for the coal were, let us assume, no more than an effort to assure that the coal delivered should not have an exorbitant price. Coal delivered overland was to be figured at the German internal price, while sea-borne coal was to bear the British or German seaport price, whichever was lower. Under stable monetary conditions the inland price would naturally be a fair price, while sea-carried coal would respond to world markets. The price determination may, indeed, have been only a safeguard against unfair price-fixing in Germany. But at least it assured the Allies as low a price as was possible.

Whether the Treaty may have zealously guarded Europe's essential economic unity or may have merely assured the Allies of their own self-interests, the fact remains that the Reparation Commission soon lost any character that it might have had of being an impartial body adjusting the decreased production of German coal to increased needs of the Allies. While still under the influence of the American crusade spirit, great relief commissions had been erected in Europe to alleviate the disastrous economic conditions on that continent. One of the measures adopted in that campaign was the creation of the European Coal Commission, which controlled the destinies of European industry until the Reparation Commission was formed on January 13, 1920. The activity of the European Coal Commission under Hoover's guidance, however, seems to bear out the theory that the Allies were concerned not only in securing values from Germany but also in maintaining living conditions among foe and friend alike. The Coal Commission did arrange supplies of coal for the old Austro-Hungarian countries. Yet its main work was in distributing German coal from the Ruhr and Upper Silesia.

A charitable construction upon the activities of that relief organization may pronounce it to have been impartial. Germany, however, got next to nothing. She was the fertile soil from whom all blessings came. But as soon as the Reparation Commission got under way any character of a supernational organ

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was soon lost in the political demands of France. The Reparation Commission speedily became the mouthpiece of powerful governments concerned with extracting deliveries from Germany.

The Réparation Commission, it must be fairly recognized, was confronted with an almost insoluble task. Germany emerged from the war with a potential steel capacity equal to her pre-war standing but with no iron ore as the basic substance. Much of the pig iron that she had turned into steel before the war had been smelted in Lorraine. While Germany had a capacity as great as before the war, France found herself with a greatly expanded potentiality, if she could get the coal.

Her productivity was, however, impaired by the political bargaining in the sale of the ceded iron works. The iron plants were turned over to French iron companies, while the coal mines came into the hands of French coal concerns. The highly developed integration, which had given the iron producers before the war control of all their raw materials, was thus destroyed. France, moreover, found herself needing coke much more urgently than Germany needed the iron ore. England the next nearest source of coal was two or three times as far away as the Ruhr deposits. Germany on the other hand could secure supplies for a long time from Sweden and Spain, although she too must in the long run depend on her natural iron source in Lorraine. France not only needed coal and coke but was relatively in a poorer position than before the war, since the annexed Lorraine region consumed three times as much coal as it produced.

The change in the political frontiers had thus created a tremendous problem to solve, a problem that would have taken care of itself if the nationalism stimulated by the war had not consistently blocked the economic efforts. Not only was the Reparation Commission's work made impossible by this chauvinism but the Commission was itself made a tool of that spirit. The Treaty, moreover, contained two almost irreconcilable theories which the Reparation Commission was set up to ride. Repara-

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tion and reconstruction were often mutually exclusive. If the reconstruction of the Allied nations and Europe was to be furthered, then the coal deliveries had to be limited and Germany permitted to manufacture with the coal instead of shipping it all to the Allies.

After 1920, when the pressing coal shortage vanished, the permanent requirement of France for coke should have been the prime consideration. England did, indeed, favor and urge a program of reconstruction but the other Allies vigorously opposed her pleas, even charging her with wishing to supply British coal in place of the German product. The other Allies wanted a continuation of the cheap German coal. The split was compromised by arranging that, after the six-months' Spa agreement expired, Germany should deliver 2,200,000 tons per month, or more than she was obliged to ship under the heavy Spa schedules.

France was faced by a grave problem despite the great iron plants she had received. Before the war she had imported one-third of her coal and one-half of the coke she used. Now in addition Lorraine was hers and that region consumed three times as much coal as it produced. England was too far away. The Saar, which she possesses for at least fifteen years, does not yield a good coking coal. Although the French had charged that Germany did not avail herself of the Saar for coke production because she feared to have coke ovens too near the French border, the French have in their control of the Saar coal found that they could only produce less coke than Germany had. Saar coal is simply not a good coking base.

Even if France should receive sufficient coal and coke to work her plants at something near capacity she would have no market for the product. She herself cannot consume what she produces. Germany is her natural market, for there coal exists abundantly to make steel from the exchanged iron ore and pig iron.

France, however, might build coke ovens instead of exchanging ore for coke. In that event the exchange would be

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based on a ratio of one ton of coal for one ton of iron ore. In 1913 France got 12,000,000 tons of coal, while Germany got only 4,700,000 tons of ore. The rest of the exchange ratio was taken by Germany in the form of pig iron. If coke ovens were built in Lorraine and France sent iron ore exclusively, Germany would find herself receiving 7,000,000 more tons of ore than formerly, which she would have to smelt. Germany does not possess the blast furnaces for this task. France on the other hand would have to develop the seven million tons of pig iron into steel, and she does not have the coal to do it. A new ton-for-ton ratio would mean also that France would have to dig three times as much ore as she did. Coal imported from England would make the steel too expensive. Nor does France have a market for so much steel.

Germany must export in order to obtain a foreign balance with which to buy food and raw materials. The necessity of making reparation payments drives her along the path of importing raw substances. Before the war iron and steel composed one-fourth of all her exports. Even more than one-fourth of all German industry was dependent upon the iron trade for its living. The iron and steel industry in all its branches was the blood of the whole German economic system. In 1913 Germany exported 6,609,100 tons of iron and steel but only 120,000 tons came from her present boundaries. The remainder was produced in the ceded territories. Because of the treaty changes Germany needs great supplies of iron ore, larger supplies than Spain and Sweden can continue to furnish her. Germany needs Lorraine, although not so urgently as the latter needs her.

The only sensible solution is a return to the old economic unity of pre-war days. A reconstruction of the old system would, of course, make Germany a great and strong nation. France has always had a psychosis against German strength. Germany is undoubtedly stronger than France industrially and economically. Yet France would be strengthened as well as Germany by a close interrelation between the two natural resources. France too

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has the strength of a great army which Germany no longer has. Today, furthermore, the boundaries are shifted farther east and a repetition of the von Schlieffen plan of overrunning France through Belgium and seizing the industrial region could probably not be duplicated. The German campaign depended upon speed, and with the industrial heart of France farther inland such tactics are almost doomed to failure. The great advantage of either France or Germany operating the Ruhr-Lorraine system as Germany did in the Great War is very unlikely in the case of a future war. The advantages of peaceful coöperation between the two reciprocal districts are so great that it has already begun in the International Raw Steel Cartel and in small exchanges of ore and coal.

CHAPTER XII

THE RUHR INVASION

THE intentions of Poincaré, of course, were not unknown to Germany, although he announced that a mere group of engineers properly protected by a small number of soldiers would enter and operate the industries. On the eve of the invasion intense excitement prevailed in the district it was assumed the soldiers would occupy. Essen was in a turmoil on January 10th, for as the seat of the iron and steel industry it would be undoubtedly the object of the first advance. Early in the morning, at 4:45, on January 11th, the first French troops arrived, in full fighting panoply. On January 12th the occupation was extended to Gelsenkirchen, another important industrial city, three miles to the east of Essen. And so from day to day, week to week, the military outposts penetrated from Basle at the Swiss frontier to Emmerich on the Dutch boundary. February 25th the French filled the gaps along the eastern side of the Rhine between the three bridge-heads, Mainz, Koblenz and Cologne, which the Treaty had already assured to the Allies. February 27th the French gained control of the traffic using the Dortmund-Ems Canal by extending their lines of occupation across the canal. On March 3rd without warning, Mannheim, Karlsruhe and Darmstadt were filled with their troops. March 6th Trossdorf, Wauppenfurth, Remscheid, Kronenberg and Mettmann were occupied, completing the line from Switzerland to the Netherlands.

Wherever the French took possession a tourniquet was applied, tying off the occupied territory from the rest of Germany. A customs barrier was erected, thus annexing the districts eco-

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nomically to France. The inhabitants of the French area had to have a passport to pass into or out of the unoccupied territory. German money was forbidden. The fiction of an engineering enterprise was dropped. The Rhine region, seat of a century-old European civilization, was treated like an African colony.

The German answer to the violence of the French was passive resistance. Armed opposition was worse than futile. It would only have offered the French an excuse to do whatever they wished. In anticipation of the French move the German Government had ordered all the empty cars in the threatened district removed to safer ground. A general strike was also ordered by the government. Everywhere the men left their work. In the rest of Germany all work was stopped for one hour on January 12th as a protest. In the mines, in the factories, on the railways, everywhere in the Ruhr, work was stopped completely and indefinitely. The owners of the manufacturing plants refused to deliver any of their products to the French and Belgians. The public expressed its hatred for the violence by ignoring the French and Belgians, not only in the occupied territory but everywhere in Germany. These two nationalities were barred from hotels. Stores had signs over their doors: "French and Belgians not allowed in here." All official contact with these two countries was broken with the recall of the German ambassadors in Brussels and in Paris. On January 13th the German Government announced that it would make no further reparation deliveries to France or Belgium, but that it would continue to make all effort to satisfy the contractual demands of the other Allies.

The French administration was lordly and tyrannical. A strict censorship was established. Newspapers, meetings, speeches were closely watched. Courts-martial were instituted, thereby raising the question whether such procedure was moral or legal. By what right could the French invade foreign territory in peace times, erect military courts, seize citizens of another nation on their own soil and try them for obeying the laws of their own country? Very severe punishments were meted out

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to Germans who did not conceal their hatred of the invaders enough. Years in island prisons and penal colonies with treatment worse than that of the most hardened French criminals were given to hundreds.

One of the worst features of the French régime was the disturbance of the normal life of the German population. A favorite measure was the requisition of schools and schoolrooms for the use of the French soldiers. In the city of Münster 940 rooms were so occupied, compelling fifty per cent of the children to partake of a part-time education. No respect was shown for the needs of youth or age. Hotels were requisitioned. Usually the very best hostelries were ordered vacated, causing great inconvenience to the traveling public, a goodly part of which consisted of business men. Other buildings of public nature were also taken over by the "Allies," *i.e.*, the French and Belgians. The city halls, police stations, barracks, and all buildings of a good size were summarily seized.

The French announcement as they entered on this illegal enterprise was that since Germany had willfully attempted over a period of three years to cheat France out of her just dues she was now going to help herself to what belonged to her. When the men refused to work for the Allies and the employers would not give them the products, the *régie* of the Mission Inter-Alliée de Contrôle des Usines de des Mines, termed M. I. C. U. M. for short, attempted to run the plants itself. That effort was a dismal failure. From January 9th to March 31st they got 238,000 tons of coal and coke out of the rich Ruhr region. Under the regular reparation deliveries as Germany was making them, they would have gotten 4,200,000 tons. When the world learned that France was getting less than it cost her to maintain the occupation, many people decided that the invasion was a plot of the French steel industrialists to annex the Ruhr from which the indispensable coke for the Lorraine steel mills came. Whether that was the reason for the advance or not, or whether it was only one of the factors bringing it on, may be

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left to others to establish; but it remains a fact that almost the whole Lorraine blast-furnace industry was forced to shut down because sufficient coke could not be secured from the Ruhr.

The French had not reckoned with a stiff opposition from the Germans, who had always surrendered when a show of force was made. But the lambs had grown into mountain rams. They were tired of being kicked about. The inachievement and unexpected resistance embarrassed France. Instead of humbling the vanquished Germans they were not even able to bring out sufficient coal and coke to pay their expenses. It was a disconcerting position.

Germany showed in other ways more strength than France or the world thought possible of her. On January 31st the government began its action to support the mark, which under the influence of the invasion had fallen dangerously. The mark had slid to around 50,000 to the dollar from its original, pre-war value of four to the dollar. Through the Reichsbank marks were purchased wherever offered. It cost the national bank often 20,000,000 gold marks (\$5,000,000) daily, and probably a total of from \$75,000,000 to \$125,000,000. But at once the mark recovered from 50,000 to 20,000 to the dollar. The resources of the bank, however, were dwindling under the strain. On April 18th 60,000,000 gold marks were needed to continue the campaign, a sum beyond the resources of the bank, which gave up. The direct result was that the mark dropped 5,000 points from 20,000 to 25,000 to the dollar. In a few days it had reached 30,000, and it continued its decline for the rest of the invasion.

The campaign to strengthen the currency left its impress upon the French and Belgians, who were distinctly worried by this unexpected display of power. They were now afraid that the occupation would not have the desired result of overcoming the Germans. March 14th Poincaré and Theunis met at Brussels to discuss the situation and future policy. They declared to the world that the "occupation will only be ended when the obligations have been met." On April 13th and 14th they met again in

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Paris, where they decided on energetic measures, such as selling products that had been seized in the Ruhr. This was only a blustering front meant to hide their own discomfiture. They really wanted Germany to make a new offer, so that the difficulties might be ironed out gracefully. But Germany feared to make a proposal because every conciliatory move on her part was interpreted by the Allies as a confession of weakness.

After some hesitation and doubtful reflection, Germany decided that it was worth the risk and made an offer on May 2, 1923, whereby she proposed to make a reparation settlement of 30,000,000,000 gold marks. After the tremendous sums the Allies had played with, the hundreds of billions, this was an insignificant total and they were angered by its smallness. Just as Germany had feared, her endeavors at honest negotiation were always misconstrued. Poincaré had an opening. He declared passionately that Germany must be made to realize that she was defeated. Germany, moreover, had voluntarily destroyed her own currency to defeat the just demands of the Allies. This absurd argument of Poincaré was tenaciously believed by untold numbers of people in the Allied countries. Poincaré's unflinching remedy, which had been in use since 1919 without success, was that the Treaty of Versailles must be executed.

The offer of May 2nd was the last resource that Cuno possessed. When this failed, he had reached the end of his rope. He clung on a few months longer but on August 12th he resigned.

In the meantime the French administration grew in severity. Public safety was openly disregarded. The so-called green police, acting under instructions from Berlin, had refused the French demand to salute the French officers and consequently had been treated with great harshness. The invading troops prevented police action against the separatistic activities. Many of the police were deported and in some towns the only guardians of public order remaining were the firemen. These had the arduous task of policing as well as fighting fires.

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The Ruhr invasion had been proclaimed as a new development. France was seeking pledges and, therefore, the whole action was termed the policy of pledges, productive pledges. The French had marched into the industrial region to get control of pawns. All the finished products and raw materials they could lay hands on were confiscated. Coal was their main objective, and with the seizures and the stopping of mining Germany herself was only half supplied.

Germany lived under other hardships inflicted upon her through the Ruhr. The French system of import and export licenses was a serious interference for German administration. These licenses almost nullified the German laws on the subject and changed the German customs tariff in 227 different items. The tariff boundary isolated the occupied from the unoccupied and German goods entering the Ruhr were compelled to pay duty as though in a foreign country. Goods could leave the Ruhr only under French license. The imports into Germany from the west, from France and Belgium, were reduced from twenty-five to seventy-five per cent as a result of the hole in the west. Germany's financial sovereignty was abolished. Important indirect taxes were seized by the French authorities. The levy of direct taxes was hindered. The whole tax administration was upset. When the rentenmark was created in the attempt to prevent the bottomless depreciation of the old mark, the French, who had so often reviled the Germans with willfully setting their currency on the toboggan, refused to permit it to circulate in the occupied territory.

The French and Belgians, despite their measures, failed utterly in their hope that the Germans would become their virtual slaves, producing coal and coke only to satisfy their masters. When the grand passive resistance got under way and seemed to be permanent the invaders attempted to get the wheels moving in all fields of work. The first and most important activity that must be lifted out of its sleep was the railway lines. But unfortunately for France this little region had concentrated into it a

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great proportion of all the railway traffic of busy Germany. The Ruhr was a veritable nexus of rails. Traffic between the Ruhr and Lorraine had been the heaviest in all pre-war Europe. Because of the complicated system of signals and tracks, the *régie* that the French and Belgians developed to administer the traffic was never able to meet even the most elemental requirements of the service. The *régie* was able to run only a few slow trains which could not begin to cope with a normal movement. During the greater part of the battle the railway men, even under the pressure of deportation and imprisonment, refused to lift a finger in coöperation with the *régie*. The public too spurned the French railway trains, preferring to walk, ride a bicycle or take the longer and more expensive tram lines in their interurban journeys (for many of the men lived in one town and worked in another).

It was inevitable that in such surging fields of passions, conflicts between the resentful inhabitants and the domineering invaders would occur. Clashes were very frequent. At Gelsenkirchen an auto came racing down the streets, disobeying traffic regulations and the orders of the police, who used their guns. Two French soldiers in the machine were shot. For this action the French sent a punitive expedition to the city. The city hall was seized, as was the police headquarters. The police were disarmed and arrested, as well as the mayor, the assistant mayor, the police president, the commander of the guards, and the director of the national bank. A fine of 100,000,000 marks was imposed upon the city. Upon the refusal to pay the army decided to be prosecutor, judge, and bailiff. The prosecution and sentence had been completed; all that remained was to collect on the judgment. They went to the town treasury and seized 88,000,000 marks and 17,000,000 at the railway station. This left five millions more than the sentence called for and they calmly chalked this down as collection cost.

At Recklinghausen a performance of "King Lear," by Shake-

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speare (Bernard Shaw has facetiously called him "unser Shakespeare" in allusion to the German admiration of the Bard), was heavily attended when the French soldiery, rushing in with riding whips and sticks, fell upon the audience to drive them out. The troopers belabored them to the tune of the "Marseillaise." On February 7th and 8th there were seventy-eight cases of mistreatment on the public streets in the same city. An unspeakable crime was committed at the Krupp works. While the military seized a number of auto trucks from the factory, the workmen gathered in a peaceful demonstration against this violence. The soldiers grew nervous and loosed a volley into the unarmed crowd, killing thirteen workers. In Essen the mayor was ordered to furnish seventy-two touring cars within four hours. The burgomaster had neither the right to take away private property nor the power to do so, since the police, whom he would have had to send to commandeer the machines, had been sent away by the French themselves. Because he failed to execute the order he was given three years in prison and a fine of 6,000,000 marks. The assistant mayor got two years and a 10,000,000 fine for the same offense.

The arrests and deportations were usually based upon some reason as senseless as the Essen mayor's arrest. In the first few months, from January 11th to the beginning of April, 5,300 Germans were deported and the number increased hugely after that. The sentences meted out for the offenses were disproportionate. The mayor of Oberhausen received a term of three years and a fine of 10,000,000 marks on a charge of sabotage. Eight directors of an aniline soda factory were punished with eight years in prison for refusing to aid in the delivery of nitrogen fertilizer that the army had requisitioned. The most famous trial was that of the steel magnate Thyssen and five others arrested on January 20th for refusal to carry out French orders. The court-martial at Mainz on January 24th fined them 307,206 francs.

Among the high-handed measures that the ruthless invaders

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adopted without qualm was the seizure of money. Undoubtedly this dovetailed with the policy of productive pledges! On February 24th at the small station of Hengley 12,000,800,000 marks fresh from the Reichsbank in Berlin en route to Cologne were seized. This money was intended partly for the British Army but complications with another ally did not deter the French. At Limburg 9,250,000,000 marks, at Lutzel 697,000,000, at Essen 14,000,000,000, at Düsseldorf 12,000,000,000, at Bochum 45,000,000,000, at Recklinghausen 12,000,000,000, at Dortmund 6,000,000,000 and 600,000,000 at Dorstfeld were captured by the French.

Some of the extremes to which France went have been recounted by Schacht in his book on "The Stabilization of the Mark" as follows: "On April 6th the French troops entered a printing office commissioned by the Reichsbank to print banknotes in Mülheim on the Ruhr, and took possession of the printing blocks and of a quantity of notes, the printing or cutting of which was not yet complete, inserted forged letters and numbers, and put them into circulation. In May 17, 1923, French police officials, accompanied by locksmiths, forced their way into the branch of the Reichsbank in Koblenz, broke through the window of the vault, which had been walled up, cut through the iron railings behind the masonry with oxygen apparatus, and removed from the vault 6 milliards of marks. On the morning of May 26th, French gendarmes and police suddenly appeared in the Reichsbank branch in Essen; at the same moment five Frenchmen in civilian dress, who had made their way in with the general public, leapt over the counters in the cash department and, with revolvers in their hands, forced their way to the vault. Ninety-two milliards of marks were removed. On June 11th French soldiers broke into the head branch office of the Reichsbank in Dortmund, and removed 52 milliards of marks from the vault. The same proceedings were repeated by French criminal police on June 23rd at the branch of the Reichsbank in Mülheim, where they secured 6 milliards. In the two last

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cases unfinished notes were again removed and finished and issued by the French."

The English were strenuous opponents of the French adventure and its inconsiderate execution. Ever since the end of war the French and English aspirations had been harmonized only with difficulty. Lloyd George's policy seemed to be to get France as far away from her announced objects as possible. He would get a little concession and then declare that the Allied front was perfect, although privately he was far from satisfied with the halting procedure. He thought, however, to get them round by gradual steps. In this disastrous policy he had been led to agree to the first occupation beyond the Rhine in 1921. Finally England got tired of his policy and replaced him with Bonar Law. The English had been the only ones to protest against the Reparation Commission declaring a willful default on the eve of the Ruhr invasion.

England definitely broke with France over the Ruhr campaign. She kept to her Cologne territory, which was very disturbing to France's control of the occupied territory, since the railway lines ran through Cologne. Some very sharp conflicts developed in which the French practically blockaded the English zone. Private persons in England were unsparing in criticism of France. Even the official sources berated France. She was denounced in the House of Commons. On August 11th Lord Curzon stated, on the authority of the highest English legal students, in a note to France that the Treaty did not authorize the invasion of territory not marked out for occupation in express terms. In the official campaign against France the Foreign Office instructed the British Consul at Cologne to make a tour of investigation in the occupied territory to ascertain the facts concerning the assistance that France was publicly alleged to be rendering the separatist forces. By public contribution a splendid little weekly called "British Information on the Ruhr" was issued, in whose production very prominent statesmen and scholars coöperated.

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The most insidious of France's activities during the invasion was the Rhine separation plot. The French desire for the Rhine was of long standing. Louis XIV had laid the length and breadth of the river's borders waste. The castle-ruins stand today mute witnesses that Germany has not always been the aggressor. The French policy had not changed before the Great War. A secret treaty between France and Russia provided that the former should have the Rhine territory in return for supporting Russia's pretensions to all Poland. When Russia dropped out of the diplomatic scramble, France was unable to put through her Rhenish hopes. She got no more than an occupation for fifteen years. But by skillful intriguing during her occupation she expected to accomplish almost as much as annexation. She was soon at her work.

On June 1, 1919, a group of renegades at Wiesbaden, supported and instigated by the French on the west bank of the Rhine, announced the independence of a Rhenish Republic. Wiesbaden was under French occupation. Delegates claiming to speak for Rhenish Prussia, Hesse, Old Nassau, and the Palatinate attended. The leader of this congress was Dr. Hans Dorten, who assumed the presidency of the new state. The "President's" arrest was ordered from Berlin on a charge of high treason, but he confined himself to occupied territory where he was safe. German delegations visited Colonel Pinot to request an opportunity to demonstrate that the overwhelming majority of the people were against this separation. He curtly told them that it was too late. The cities would have to obey the new government. So little support did the new republic find, however, that the governmental troops easily ejected the whole crew.

The French then strove to differentiate the Rhine from the rest of Germany as a first step toward separation. The Inter-Allied High Commission took over the Rhine on January 11, 1920, making Koblenz its seat and at once decreeing that all German officials wearing uniforms, such as firemen, foresters,

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police, had to salute the Allied officers. Passports were instituted for passing between the occupied and unoccupied zones. A censorship was inaugurated. Eventually under the German protests the passports and salute were abolished.

The advance of the French troops into the western Rhine territory on April 6, 1920, in retaliation for Germany's unauthorized introduction of soldiers into the fifty-kilometer neutral zone to suppress the Communists after the Kapp Putsch, might have become a step in the separation of the Rhine region, but England informed France that her action was illegal. Through British intermediation both the German and the French troops were withdrawn.

The grand opportunity for achieving the century-old ambition came with the Ruhr invasion. Machinations were spun. The financial support was arranged. Soldiers of fortune, thugs, ruffians were hired. Dr. Dorten, quondam President of the 1919 Rhenish Republic, continued his activities. His very name was detested in Germany. On July 23, 1923, some zealous patriots kidnaped him from in front of his house in Wiesbaden, abducting him to Leipzig, where he was to be tried on the charge of high treason. The vehement protests of the Allies for this violation of the occupation forced his release and return on July 26th.

On July 29th a Rhineland Congress of renegades and hirelings met in Koblenz, which had been occupied by France after the last American troops were hastily withdrawn on January 24th as a protest against the French invasion. The Congress resolved that a petition be presented to the French High Commissioner requesting the immediate issuance of a Rhine currency. This was a subtle move on France's part. The inflation gave some creditability to the step. On August 13th thirty delegates under the authority of the Koblenz Congress presented the petition.

In the meantime the loyal Germans were doing what they could to prevent these traitorous actions. On August 13th an

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anti-separation riot took place at Krefeld. Dr. Dorten found himself in a tight place when he got caught at München-Gladbach on August 26th. He would have been lynched on the spot had he not shrewdly passed himself off as an American journalist.

During October the threads of the intrigue ran together. On the 21st a Rhenish Republic was proclaimed at Aix-la-chapelle. The hirelings under the immediate protection of the French army advanced from place to place, seizing the municipal seats of government. Any attempts of the patriots to oppose the traitors were frustrated by the French soldiers. Special trains were put at the disposal of the separatists by the railway régie.

Arrests, robbery, pilfering under the form of requisition, expulsions of opponents marked the independent Rhenish Republic's administration. Heinz, one of the leaders, was killed in a spontaneous outbreak in Speyer. Pirmasens was the theater of terrible fighting between the separatists and loyalists in February, 1924. The separatists barricaded themselves in the police station, which was set on fire by the attacking patriots. As they rushed to escape the traitors were thrown back into the building. Twenty were burned to death.

International opinion as well as German feeling was against France's separation maneuver. Lord Curzon ordered the British consul at Cologne to investigate the French methods. His report was a scathing condemnation of France, where his statements were met with fury. His investigation, nevertheless, helped to bring relief to the inhabitants and his visit with the Committee of the Rhineland Commission halted the French plan on making the region a protectorate.

The French commander in Kaiserlautern got word in the last half of October of the coming proclamation of a republic and was ordered to observe a "benevolent neutrality." Taking his cue, he disarmed the locally organized guards, imprisoning the leaders. The separatists thus had a free hand. They arrived

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and set up their government in five buildings, over which the French soldiers mounted guard. The legally constituted municipal authorities, nevertheless, continued functioning as though the separatists did not exist. This double administration went on for two months. In February, 1924, the people took the offensive, driving the "republicans" out everywhere.

By this time the end of passive resistance had come. The gold loan and the effort to create a stable currency foreshadowed the step. On September 7th the German Ambassador to Belgium returned to his post. On September 9th the National Economic Council called for a reduction of expenditures in the Ruhr to an absolute minimum. The formal lifting of resistance was announced by the cabinet on September 26th. To the announcement was appended the gratuitous declaration that the action was not a capitulation to France. But facts were more real. France on her part now adopted the passive attitude and refused to enter into negotiations with the Germans.

The firm stand of the government in January to the French invasion had met with the enthusiastic approval of the whole country, from right to left. A great sigh of relief went up. Now that the stubborn attitude was dropped, the right circles were very bitter. A counter revolution was fostered by Ludendorff and Hitler in Bavaria, which had been the center of all the royalist plots since the Armistice. On November 9, 1923, the famous beer-hall putsch of the Hitler-Ludendorff forces occurred. The intrigues of the right brought out the Communists, who stepped into action to meet the danger. They were aided by the serious food situation on the Rhine and the scarcity in the rest of Germany, where food riots were quite frequent. Saxony and Thuringia were the centers of the lefts. Reading some radical, oratorical intemperance into rebellion, the government quickly dispatched the army, which quelled the "revolt" at once. In the Rhineland, at Aix-la-Chapelle, Koblenz and in the Palatinate, the independent Rhineland Republic was proclaimed.

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The French continued to decline negotiations with Germany. What the French hoped to gain is not clear. Perhaps Poincaré had no plans and for the time went ahead with the situation as it was. The result in Germany of this attitude was that Stresemann had to resign. He had become chancellor on the plea that the industrial plant must be started going again quickly. He had given up passive resistance because he hoped to make an agreement with France to start production at once. When they refused his overtures he resigned on October 3, 1923. There being no one else to form a cabinet, Stresemann again organized a ministry by leaving out the Socialists, who had resigned from his first cabinet over the sending of the army to Saxony.

Stresemann's government despite administrative reform could not hope for national security or financial stability until the Ruhr was again in German hands. Every effort was continued to initiate negotiations with the Micum, the agency created by the French and Belgians to manage the industries. When the French and Belgians stonily refused to bargain with official Germany, the private owners in the Ruhr had to come forward in an attempt to save their properties. But the condition prerequisite of the Allies was that these Ruhr industrialists deliver coal and finished products on the reparation account. Obviously private business could not make such presents to anyone unless it was indemnified in some way. Hitherto such articles had been repaid by the German Government. Now again the government on November 1st and on the 21st assured the business men that products and supplies taken for Allied use would be paid for by the central authorities. The negotiations could go ahead.

On November 23, 1923, an agreement was reached with the Micum on the one hand and a Commission of Six, representing the Germans on the other, at Düsseldorf. By the terms of this treaty it was stipulated that the owners were to pay in cash \$15,000,000 and turn over to the Allies all coal mined prior to October 1, 1923. Coal produced after October 1st was to be distributed as follows: eighteen per cent of the coal to

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Belgium and France. Thirty-five per cent of the coke was to go to the same countries. It was further understood that the coal needed by the armies of occupation should be delivered without payment in cash. All deliveries were to be credited on the reparation account. These conditions assured the French and Belgians from thirty to forty per cent of the German production, terms that palpably could not be maintained over any considerable period of time. But the owners, anxious to get their factories and plants into their own hands and working again, calculated that after the impossibility was demonstrated more humane terms could be agreed upon.

The difficulties of the workers, who had to bear the brunt of the whole invasion, were only increased by the Micum agreement. When the money that had been doled out to the unemployed strikers by the government through the local chambers of commerce, city officials and other agencies stopped, the laboring classes had to seek work from those who had control of the productive plants. Those were the Belgians and French. But we have seen that the latter were very deliberate in their movements. Having waited eight months, they did not mind waiting another month or two. Even where work was taken up the disorganized state of the railway system held up the production.

When the owners got their shops back from the soldiers, the employers demanded that the workers labor long hours to make up for the lost production of the last eleven months. The workers were not willing to surrender the eight-hour day that they had fought for over decades and which the Revolution, their revolution, had at last brought them. They asserted with some right that the owners had utilized the occupation and the government subsidies in improving their plants. The mines were cleared, the shafts braced, and generally the time was not wasted, while the government paid the bills. The period following the Ruhr invasion was the high point in anti-revolutionary psychology. It was analogous to our own post-war years when the employers made a determined drive on labor organizations.

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And the French played the workers against the employers. Everywhere reaction was rampant. In the national elections of May 4, 1924, both left and right extremists made big gains at the expense of the moderates. The campaign of big business against the eight-hour day and the inflation aided the Communists materially.

CHAPTER XIII

INFLATION AND STABILIZATION

THE cost to Germany of maintaining the passive resistance was enormous. The millions of people in the occupied zones had to be supported out of the public treasury and by private subscription. Large sums were raised abroad, particularly in the United States. But the real burden fell upon the nation. If the Berlin government had not come to the rescue, the men would have had to surrender to the French and seek work in the factories they were futilely attempting to run.

The greatest danger that the central authorities had to combat was the peril of currency depreciation. The inflation and the flight of German capital to countries where the currency was more stable were tending to press down the quotation. The whole world looked on with wonder when the mark began to fall. Thousands felt sure that it would recover. Toward the end of January the German Government began its bolstering of the mark, which hung fairly steadily around 21,000 until April 17, 1923. When the governmental support was withdrawn the glide turned into a crash. By May 19th the ill-fated money was 100,000 to the dollar. June 14th it was 1,000,000. By the end of July it reached 10,000,000 to the dollar and the era of poverty-stricken millionaires had arrived. A month later it was at 25,000,000 to the dollar. In the first week of September 60,000,000 was the quotation. Less than a week after that a dollar would buy 100,000,000 marks. October 9th it had begun to vanish: 1,000,000,000 to one dollar.

The defeat and the Treaty made the mark untenable. Germany's position after the war had been made considerably more

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difficult than before the war, although the trade balance was against her even then when she was a much stronger industrial nation than she was during the first four or five peace years. The war and the effects of the war had increased the adverse trade balance. The imports had increased and the exports had decreased over against the pre-war record. She had, moreover, suffered territorial losses that were of more import than a lessened number of square miles would indicate. With a loss of one-eighth of her soil she was forced now to heavier food purchases abroad than formerly. Raw materials had to be bought. The Treaty hampered a free foreign trade, thereby retarding the economic recovery. And the war neurosis all over the world had brought protective barriers against German goods. The war tribute levied upon her by the Allies meant that close to four million men were actually working to satisfy the unpaid demands of the winners. Not satisfied with the tribute they exacted, the Allies interfered seriously with the border control of the customs régime and smuggling thrived: the hole in the west let through vast quantities of goods.

The war had been disastrous all around in Germany. The soil was exhausted by the intensive cultivation and the industrial plant was run down. War had no time for repairs. The population itself was worn out by the starvation and nervous expenditure. The political situation, the internal strife, had cut down the output after peace did arrive. The invisible assets that had helped to keep the balance of payments now disappeared. The marine freights that her large merchant marine had brought to the country were gone. The foreign investments had been sequestered and not a cent given in return. The earnings from the international banking transactions had vanished with the war.

A whole host of obligations came with the Treaty. All the expenses of the various control commissions set up in Versailles must be paid. Their dinners, their amusements, their quarters, everything was paid by Germany. The army of occupation was a vast cost upon Germany. Up to 1922 four and one-half billion

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gold marks or more had been paid. This exceeded the whole French indemnity of 1871. She had payments to make under the Clearing Acts and the Recovery Acts. Germany was a treasure house where all could grab. In addition to the outlays came the evil influence of the flight of German capital. All those who knew how and who had savings transferred them into Switzerland, England, the United States, wherever stable investments could be made. And all the old foreign debts were not paid off either. Up to the Ruhr inroad Germany had surrendered values worth some twenty-six billion gold marks.

Soon after the London Ultimatum most foreign speculators lost confidence in the mark. They no longer bought marks. Thus stopped the inflow of huge sums which had amounted to some eight billion gold marks. Now all the factors were going one way only, toward the weakening of the mark, and the financial standing of Germany rapidly declined. The balance of international payments was continually against her. She had to pay always, no one had to pay her. In order to make up the bad balance of payments it became necessary to sell the national property and take up credit. But Germany's property, the holdings of foreign currency, notes, bonds, and other investments, plus the credits a skeptical world would afford, were insufficient to bring the sagging seesaw back to level. The difference had to be met by a sale of German currency abroad. The offering of the mark on the international exchanges only deflected the quotation still further. Lack of confidence became still more deeply rooted. And so the vicious circle spun.

Internal, administrative obstacles hampering the empire had pushed their obstruction right into the republic. The German nation entered the war with no power to raise revenue by direct taxation. It had to depend upon the states, which were jealous of this right. When the federal government needed more funds, the states were committed to the practice of raising their own taxes in order to supply the money rather than give the nation the direct taxation power. As a result of the limited taxing

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right the national budget had been balanced only three times since the founding of the nation in 1871. There was always an ordinary and an extraordinary budget. The extraordinary budget was supposed to represent nonrecurrent capital outlays and emergency expenditures. From year to year loans had to be taken up to meet the deficit; sometimes the borrowing had to go as high as twelve per cent of the budget.

During the war the Reichsbank made liberal advances to the nation. The Reichsbank notes steadily expanded and the gold reserve as steadily shrank. In 1913 the gold was 55 per cent of the notes issued, but on December 31, 1918, it had sunk to 10 per cent.

The only direct tax that the nation had levied before the war was the National Defense Contribution, which the states, frightened by the situation in 1912-13 when the second Balkan War was brewing, had granted to the central authorities. This was a capital and income tax combined, calculated to produce about one billion marks.

At first the fiscal authorities refused to countenance the idea of raising taxes to meet the growing war needs, but finally the war debts grew at so great a pace that Helfferich, who had promised for almost two years that victory would pay the debts, had to ask the Reichstag in March, 1916, to levy new taxes and increase old ones. He asked for a stamp tax for receipts but got a sales tax instead. A bill of lading stamp tax came into being. A tobacco tax was added. From 1916 onwards the taxation was thorough. The war period, however, was characterized by too much reliance upon borrowing.

After the war the borrowing continued, only then it was a necessity. From 1919 to 1921 two-thirds of the revenue was secured in that manner. The treaty payments, which took only one-fifth of the governmental receipts in 1919 and 1920, devoured one hundred and fifty per cent of the real receipts in 1922 and 1923. So the loans went on, despite the fact that the new constitution gave the nation the right to raise taxes wher-

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ever it chose. It was not so easy to suddenly revolutionize the whole fiscal and taxation system. The great work involved in the change made it necessary to permit the states to continue to be the sole direct taxers until 1920. On March 30, 1920, however, a law forbade the states and the communities to tax anything that the nation had taxed.

Although borrowing was what kept the government going, strenuous efforts were made to collect taxes. A great political struggle developed over the manner in which the national coffers should be replenished. The lefts advocated a contribution and the rights a forced loan. The lefts, with Erzberger leading the fight, were victorious, and on December 21, 1919, the National Emergency Contribution became law. This foresaw a capital levy with rates as high as 65 per cent. The contributions were spread over a period of thirty to fifty years. Such an onerous exaction would have been difficult to administer even in normal times, but in the extraordinary circumstances then prevailing its chances of success were slight. Within one year, on December 22, 1920, the law was modified so that one-third of the tax was collectible in 1921, while the other two-thirds was dropped altogether. The amounts collected under this tax were 9,900,000,000 in 1920-21; 8,600,000,000 in 1921-22; and 4,111,000,000 in 1922-23. Of those amounts 7,800,000,000 was paid in depreciated public obligations. The public, too, soon learned that it was cheaper to pay the tax months and even years overdue plus the accumulated penalties in the always more depreciated mark.

The confusion of demobilization, both human and industrial, the internal reconstruction, treaty fulfillment, demanded huge outlays immediately. The reorganization of the taxing system delayed the collection of the funds needed for these purposes in 1919 and 1920. In 1921-22 the system had been reorganized and collection was carried on successfully. The government was gathering about one-fourth of the entire national income when the London Ultimatum blew up the whole carefully prepared

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work. The forced-loan idea, which had suffered defeat at the hands of the National Emergency Contribution, was called into service on April 8, 1922. Chancellor Wirth, who took the government over with the program of treaty fulfillment in the autumn of 1921, asked for an annual capital levy and capital increment tax. On April 4, 1922, he was given a blanket tax power, and on the 8th he introduced the Forced Loan. He raised the tax rates elsewhere too.

The national government was hampered in its tax program by the constitutional obligation to turn over to the states enough funds for their needs. In April, 1922, an agreement was reached between the states and the nation at Würzburg, where the central authorities were given the right to collect the income tax and in return were to give three-fourths of that revenue to the states in place of the former two-thirds. At least the nation was now administering its entire taxing scheme and no longer entrusting any part of its collection to the states.

The London Protocol following the ultimatum set Germany back in all her endeavors to get back onto the hard highway. But the worst blow was the inflation of 1922-23. German capital fled to foreign countries and the government levied taxes and issued regulations to prevent the flight. The measures were fruitless. The government fiscal agencies were alone given the power to allow the purchase of foreign exchange. Permission was granted theoretically only to those needing foreign currency for purchases made. In theory the laws were correct but in practice the money slid through the meshes to calmer waters in the United States, Switzerland, England, Holland. The budget went to smash. No calculations could stand the merciless rubbing that the steep descent of the mark inflicted. Even contracts the government had signed for the purchase of materials for reparation delivery were revised by the courts when the contractors were faced with bankruptcy under the terms as originally signed.

The government despite the complete demolition of the bud-

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get was economical in its administration. In every department except in the railways and finances it decreased the number of its employees. The fiscal administration with its wide-flung laws for the collection of revenues and with the necessity of printing mountains of paper money could not be carried on without additional help. During the inflation a whole regiment of employees was needed to print, distribute, and guard the flood of notes.

The railroads were forced upon the nation. Article 89 of the Constitution declared that the transportation systems must be turned over to the nation not later than April 1, 1921. The war difficulties, which had depleted the treasuries of the states, and the increased cost of maintaining the railways, advanced the execution of the nationalization of the railways one year earlier on April 1, 1920. The railways had lost money during the war and the states were glad to get them off their hands. The only difficulty was on the question of the valuation and payment for the roads. The nation could not pay in gold, so it was arranged that the federal government should take over the funded and floating debt of the states. A further burden was loaded onto the republic.

The unified administration of the railways was expected to bring economies by eliminating rivalry and the duplication of service. Unfortunately politics interfered to bring this hope to naught. It was provided that the nation should complete lines under construction when they were taken over. As a consequence the states started unnecessary and uneconomical routes which the nation had to finish. The states on the eve of the transfer also raised the category of almost one hundred thousand workers by designating them officials who then became lifetime employees removable only for disobedience and neglect. The eight-hour day also prevented the decreasing of the number of employees. If they were discharged, moreover, they would get the unemployment dole and the nation would not be much better off.

The treaty payments, of course, increased the expenditures. We have already mentioned that in 1922-23 those deliveries

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amounted to 150 per cent of the real income of the government. The inflation demoralized any attempts at accurate and economical administration. As the mark fell in value it became necessary to raise the salaries of the governmental employees. The budget simply could not be calculated. The expenditures in the fiscal year 1922-23 exceeded the estimates by 2,000 per cent, while the income increased only 1,300 per cent. The deficit became twenty-five times as great as expected.

The expenditures could not be reduced any considerable amount. German taxes were 23 per cent of the national income, French 18, British 30, and American 14 $\frac{1}{3}$. The other countries with a larger national income than Germany could better stand a high rate. Germany had lost through the war 135 billions of her national wealth of 300 billion marks. Germany consumed during many years more than she produced.

The statement that expenditures could not be cut nor income raised is verified by the official Allied observers who supervised the German fiscal administration. Until May, 1921, the Reparation Commission supervised the German budget and directed the changing of measures and practices. The Germans would be called into conference and changes suggested in the fiscal administration. The Germans, insisting that the modifications were vicious and certain to be harmful, would nevertheless pass the necessary laws to make compliance with the Commission's wishes. After 1921 the Reparation body had observers directly inside the German administration watching the details from vantage points. From these men intimately cognizant with German administration nothing came beyond suggestions of a minor character. The general administration and the principles were not questioned.

Germany suffered budgetary troubles with the rest of Europe when the post-war trade boom caused prices to soar and expanded the volume of credit. In addition Germany had the reparation payments. The country was divided against itself, and the Social Democrats who led the government could not find

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sufficient support to conduct a firm administration. Even a strong government, however, could not have coped with the situation. Unless the workers were put to work, uprising and revolution were certain to follow. The government had to subsidize business to prevent unemployment and avoid the paying of doles.

With a budget unbalanced by the concatenation of events the printing of paper money was inevitable. The issue of bonds could only have postponed the catastrophe for a short time. It might have given Germany a better reputation abroad if the paper notes had not been printed so rapidly, and credit might have been granted more easily. But the cataclysm was unavoidable. And in the great flood of paper money everybody lost in the long run.

The immediate result of the fall in the currency and the unbalancing of the budget was that the federal authorities were compelled to print notes. A vicious circle was established. "Loans," which were nothing more than a printing of notes, were made to the government. The notes were taken to the Reichsbank to be discounted. Thus the treasury bills through the discount in the Reichsbank brought up the paper circulation by an amount equal to the treasury bills. The floating debt of the country rose tremendously. In December, 1922, there were 1,300 billion mark notes in circulation by the Reichsbank. With the Ruhr raid, by June 23, 1923, the notes in circulation exceeded the treasury bills. By December 15th there were 414 quintillion mark notes in circulation against 371 quintillion treasury bills.

The issue of emergency money was regulated by decrees of July 17, 1922, and October 26, 1923. Permission to circulate such currency could be obtained only from the minister of finance, who could grant it only in an emergency. An emergency was defined to be existent when the Reichsbank could not supply the demand for notes. If an emergency existed, the money could be issued against the deposit of assets with the national credit institute, where the security remained until the money was

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redeemed. Under these decrees 7,632 quintillions of emergency money were authorized. Alongside this legally circulating currency there were some 192 trillions of illegal marks. The greater part of this amount, about 180 trillions, was circulated without authorization by unscrupulous persons in the occupied territory. In the unoccupied territory only 12 trillions circulated illegally. One of the large issuers of the legal emergency money was the German Railway System, which accounted for some 114 trillion. The issue of this money was very profitable because with the steadily depreciating mark it could be taken up in cheaper money when time came to redeem. It was a means employed by sharp people to enrich themselves, and many communities, even, made a rich profit from the decree.

The unstable conditions caused by the descent of the mark brought misery. Long lines of people stood before the shops waiting for them to open so that they might convert their paper money into unchanging values. Shopkeepers, as in our own country during the war, could dispose of anything. People begged for the goods. In the mornings taxis posted a sign to multiply the meter by so many millions. By noon a new sign instructed multiplication by a larger number. By night a third change would be necessary. Foreigners flocked to Germany to live like princes on nothing. A very illustrative story is told about two brothers who were left equal shares of the paternal heritage. One was a saver and invested his money in mortgages. The other was a bon vivant who stocked his cellar with fine wines. The inflation came and when the mortgages matured the prudent son got a loaf of bread for his patrimony. The spendthrift, on the other hand, drank up his bottles and left them empty in his cellar. When inflation came he was able to sell his empty bottles for a respectable sum and in the cheap money of the day he had another good fling. Farmers went to market with cattle in the morning, and by evening the money they had received for one cow would buy back only the hide.

The government was tapped by all the agencies needing as-

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sistance. The railways consumed about two millions of dollars per day. The taxes raised were only a part of the expenditures. From day to day it was necessary to increase the wages of the governmental employees. No budget or orderly expenditure could be maintained. No calculations held water.

The drain on Germany's resources was too heavy. She was pouring her vitality into a bottomless vat. After eight months of this economic siege attendant upon the Ruhr raid, her depleted forces were about to collapse. Despite the fact that there were 133 printing offices with 1,783 machines using the exclusive output of 30 paper factories working for the Reichsbank, the printing press could no longer keep up with the fall of the mark. The industrial and agricultural interest refused to part with their products for paper money. Riots and unrest followed. Hunger threatened the cities. On September 27th the government decreed a state of siege throughout the country in the face of the growing unrest.

The situation became intolerable. Something had to be done. The old currency must be thrown overboard and a new beginning made. On August 14th a gold-backed mark was decreed. The old paper money was to continue but at its side was to be a co-money. There was to be a loan of 500,000,000 gold marks. Small divisions of this loan were to be placed in circulation in denominations of 4.20, 8.40 and 21 marks or the equivalent of one, two and five dollars. While only 168 million marks of this loan was subscribed a start had been made. From that time on the paper mark was officially branded. The gold-loan currency responded to the ardent wish of the German people to get back to some solid base, some sound figure from which they could calculate their daily life and expenses.

The repudiation of the mark became a fact when toward the end of summer and the beginning of autumn the depreciation of the paper money went forward so rapidly that wage-earners could not spend their wages as fast as the mark dwindled. Prices changed at least three times a day. Foreign currencies had long

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circulated at full value and even at a premium in Germany. Now they were preferred. The American dollar became almost a fetish. As a result of this preference about three-fourths of a billion of German marks circulated in foreign currencies.

The dollar gold-loan of August showed the way. Other loans were made and the government gave its consent for the issue of small units of gold-based loans by states, cities, chambers of commerce, and large industries. Each issue had to be approved by the Treasury. Coke, potash, coal, kilowatt loans became the basis for the circulation of money.

But despite the psychological receptivity, the burning desire, of the German people for a thoroughgoing reform of the monetary system, the mere announcement of gold-based issues was not sufficient to secure the benefits of a sound currency. Without some other measures a new currency would soon go the way of the old. It was necessary to stop the loans in paper by the Reichsbank to industry, which paid them off later in greatly depreciated money. It was also necessary to stop sending money into the Ruhr, a step which in turn meant the cessation of passive resistance and abject surrender to the French. But with Germany on the brink Stresemann was ready to command a deliberate step backward.

A discussion of the means to be employed in creating a new national currency had been under way for some months. Of all the financial experts who came forward Helfferich, whom we have seen as the protagonist in the Erzberger trial, was the most prominent. He urged that an eight-billion-gold-mark mortgage be placed upon industry and agriculture. With this five per cent mortgage as capital a bank was to be founded which should issue a new currency, the roggemark. Helfferich by choosing *roggen* (rye) gained the good will of the large agricultural class. But financial theorists at once criticized his plan because they objected to chaining the monetary standard to the fluctuations of the price of rye. They wished to see gold become the base of any

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new currency. Helfferich himself regarded rye only as a transition.

The government, whose majority rested upon the center and left, was between a raking crossfire. If it did not give heed to Helfferich and his right party, the farmers would have no confidence in the new mark and would refuse to part with their food products. On the other hand if it did not give the new monetary law a left cast, the bill would not pass the Reichstag. The dilemma was solved by a compromise which adopted the Helfferich plan but changed it in three fundamental respects. Gold and not rye was made the foundation. The new bank was not to be an independent institution but was to be fettered to the Reichsbank, which was to control its grants of credit. Finally the new rentenmark was not made a legal currency; a fixed rate was not set for the redemption of the paper marks.

The new rentenmark law was narrowly preceded by various reforms. On October 11th it was enacted that all taxes must be paid in gold and that a wide-going control over all expenditures of the other departments should be exercised by the minister of finances. Expenses were pared to the bone. Twenty-five per cent of the railway employees were dismissed. The railway system and the postal administration were from then on to pay their own way without a cent from the government. The second Stresemann cabinet, which was formed on October 6th after the Socialists had withdrawn over the ruthless suppression of the extreme lefts in Saxony and Thuringia, received a Special Powers Law from the Reichstag on October 15th.

Stresemann took advantage of the extraordinary power bestowed upon the cabinet on the 13th by issuing the Renten Bank Decree on October 15th. The universal desire was to return to a gold standard but unfortunately sufficient gold did not exist in the country and credit could not be obtained, either internally or abroad. The law creating the Rentenmark Bank severed the Reichsbank's connection with the national finances. The latter institution no longer had the power to discount treasury bills.

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Agriculture, industry, commerce, and trade were obligated in the sum of 3,200,000,000 gold marks, a form of mortgage, running at four per cent. This mortgage was made the resources of the new Renten Bank, whose capital was set at 2,400,000,000 rentenmarks with a reserve of 800,000,000 marks. The bank was to issue units of 500 gold marks on the mortgage and on this basis the new currency, the rentenmark, was to circulate. The rentenmark was to be redeemable at call for the 500-mark units of the mortgage. The bank's activity started with the issue of rentenmark notes on November 15, 1923.

On that date the floating debt of the government with the Reichsbank was 189.8 quintillion paper marks. The mark stood at considerably over four trillion to the dollar. The new bank at once started buying dollars and succeeded by its vigorous tactics in bringing the paper money to rest at 4,200,000,000,000 to the dollar. At this rate it stabilized the old currency. With a dollar buying 4,200,000,000,000 paper marks, one mark was just one trillion marks. Here it remained.

It is a curious fact that the rentenmark should have been so successful when the banks all opposed the venture. But the agricultural class favored it very heartily, since they felt that Helfferich, the Junker and proponent of the landed interests, would do the right thing. It was bitter necessity that made Germany feel that a stable money must be created. Until now the Germans had feared that a sudden return to stable monetary conditions would disturb business. But when the mark reached the vanishing point something had to be done. Insight and will power alone, however, could not bring about this miracle. Administrative reforms were needed and they were inaugurated. The collection of taxes on a gold basis and the cutting of governmental expenses were some of them.

The administration of the new law immediately met very serious difficulties. An outstanding one was the existence of the occupied territory. The French authorities at first refused to give the new coin free access in the zone. The Cologne bourse,

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moreover, was not under German control. As a result the quotations of the mark in Cologne and in Berlin were at a wide variance. The lack of confidence in the Rhineland in the new currency was expressed in the valuation of the new mark. The central authorities had decided upon a figure of 4.2 trillion paper marks to the dollar, or one trillion paper marks to the rentenmark. At that quotation the rentenmark had been pinned.

In Cologne, however, the quotation went daily higher until on November 26th it stood at 11 trillions. Dr. Schacht, who had been appointed Special Currency Commissioner with powers to administer the new law and introduce the new currency, took measures to defeat the speculators who bought foreign exchanges in the expectation that the new mark would prove to be untenable. His first step was to get control of the Reichsbank notes back into the hands of the Bank. He ordered that from November 22nd on no more Reichsbank notes should be exchanged for emergency money at any of the branches of the Reichsbank. On November 26th all issuers of emergency money must redeem their issues of such money then in the hands of the Reichsbank. The Bank thereby regained control of its own notes, a control it had lost through the existence of the clearing house. Issuers of emergency money, anxious to get Reichsbank notes, which had a wider circulation than their own issues, had turned in their own emergency money at a branch of the Reichsbank and had drawn out Reichsbank notes at another.

Once more master of its notes, the Reichsbank could squeeze the exchange speculators. When the time came to pay for the foreign exchanges they had purchased, the buyers found themselves without the necessary paper marks for the transaction. Emergency money was not accepted and Reichsbank notes could be secured only from the Reichsbank. As a result the speculators were forced to surrender their foreign exchanges to the Reichsbank, which secured in this manner some 200 million gold marks' worth of foreign exchange. The first clash had been won. After the first two weeks of the new currency, the rate of 4.2 trillions

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was accepted everywhere and all types of currency, gold-loan notes, emergency money, Reichsbank notes, were handled at that figure by the business world.

The defects in the old monetary system were abolished by the new law of October 15th. The Reich was cut off from its old right to secure credits from the Reichsbank, which had really been a department of the government charged with the duty of fulfilling the credit needs of the government, which had always been the great customer of that bank. When the rentenmark decree went into effect on November 15th, the nation owed the Reichsbank 189.8 quintillion marks, while private persons and corporations owed only 40.1 quintillion.

Unable to borrow funds to administer its duties, the government had to balance its budget. The Rentenmark Bank had set aside a credit of 900 million marks to the Reich for this purpose. The governmental officials were not able at once to accustom themselves to this independence and requested the right to discount notes at the Reichsbank to secure funds to carry on the administration until taxes should start coming in. Private banks also demanded loans. But Schacht and the bank officials refused their consent with the statement that everyone would experience difficulties during the transition.

The 900 million credit for the government was soon used up, and the 300 million credit from the Rentenmark Bank to private industry as well. They both clamored for more, but they were refused as determinedly as before. The minister of finance in desperation pushed through a law on December 7th whereby the collections on the Rhine and Ruhr tax were advanced from January 5th to December 18th.

With these two great dangers overcome the rentenmark established itself. But the monetary complexion of Germany was very mottled. Emergency money, Reichsbank notes, gold-loan notes, rentenmarks, all circulated indiscriminately. The final solution must be a single gold standard. To this end Schacht was appointed President of the Reichsbank after the old President,

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Havenstein, was persuaded to resign. Schacht proposed to secure his object by stages. He wanted to establish a gold discount bank. But since Germany possessed practically no gold—the Reichsbank had only 467 million marks in gold in its vaults on December 31, 1923—Schacht's first move was to gain the good will of the London and New York financial leaders. There he was promised gold for the capital of his new bank.

When the Dawes Committee arrived in Berlin, Schacht and his plans for a gold-discount bank encountered obstacles. The experts demanded a definitive currency on a gold basis, so that their calculations on Dawes payments might be easily and surely made. They, moreover, were decided that a new bank must be established, over which the Reparation Commission should have control instead of the German Government, which might again burden it with a too heavy load of notes. Schacht opposed any such foreign control of the new national bank. A compromise was finally accepted whereby the gold discount bank proposed by Schacht should be absorbed into the new currency bank if the Dawes Plan were accepted by Germany and the Powers. On the other hand, if the Dawes Plan should not go through, Schacht would still have his gold standard through the gold discount bank.

The law establishing the gold discount bank was passed on March 19, 1924, and the institution was actually founded on April 7th. It had a capital of 10,000,000 pounds, of which half was subscribed by the Reichsbank, which borrowed that sum, and half by 150 private banks of the nation. The new bank never made use of its right to issue notes up to 5,000,000 pounds. But through its possession of credits in foreign countries where interest rates were much lower than in Germany it was able to supply credit to German business at favorable rates. The export trade was especially benefited by the gold discount bank.

While the new gold bank was in operation, the discussion with the Dawes Committee went on. Schacht had to fight away foreign influence in the bank about to be established. While

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the experts wished to wipe out the Reichsbank altogether, Schacht saved that institution by restricting its power. Rentenmark notes were properly considered a weakness and the Renten Bank was allowed to continue only for the purpose of liquidating its own currency. All rentenmarks were to be withdrawn within seven years. The Reichsbank and the Gold Discount Bank were connected by the right of the former to have shares in the latter and to absorb it bodily by increasing its own capital, if the Discount Bank ever were liquidated. The Gold Discount Bank has become in reality a department of the Reichsbank.

While the negotiations were in progress for the creation of the Discount Bank a credit expansion threatened the rentenmark. Lack of complete confidence in the new mark made all business men seek as large credits from the banks as they could get. Industry and business of the country which were starved for credits drained the Reichsbank, whose very low rediscount rate of 10 per cent almost induced borrowing. Schacht, who was occupied with the details of wider financial policy, allowed the situation to develop before he was well aware of it. But his order of April 7th that credits should be granted only with the funds that arose from repayments of loans due turned the tide. This set the rentenmark once more on a firm footing, for it showed in unmistakable terms that the authorities were determined to sacrifice everything to maintain the stability of the new currency, even though industry were squeezed.

Confidence was instilled into the business community. The rentenmark held an assured position from now on. The negotiations with the Dawes Committee continued until the last details were worked out. With the establishment of the new Reichsbank on October 11, 1924, Germany had traveled a full circle and was back at the sound currency with which it started the war. Protected by the transfer clause of the Dawes Plan and the clause on the suspension of accumulation in Germany, the new reichsmark, as the successor of the rentenmark is called, has a secure life before it.

CHAPTER XIV

THE PROBLEM BEFORE THE EXPERTS

THE reparation situation as it stood after Germany's surrender in the Ruhr could be tolerated neither by the Allies nor by Germany, nor yet by the world. Back on August 11th Germany had notified the rest of the Allies (deliveries to Belgium and France had been stopped in January) that owing to the break of the mark she would no longer be able to keep up her reparation deliveries. Some responsible settlement must be made, one that worthily weighed the economic factors in Germany.

The revolt of the world's public opinion made it clear that France could not annex the German territory of the Ruhr, much as some groups might desire it. Poincaré could not ignore the world. Not only were France and Germany involved, but the whole world, especially Europe, must lie panting as long as this chaos existed. The thinking circles in all countries felt the necessity of a settlement. Germany was quick to take advantage of this feeling. Under Article 234 of the Treaty the Reparation Commission was authorized to "consider the resources and capacity of Germany" with the power to extend the time of payments or to modify them. Cancellation of any part could take place only with the consent of the governments on the Commission. Leaning upon this provision Germany on October 24, 1923, asked a thoroughgoing investigation of her capacity to pay.

Germany's request for an investigation under Article 234 was considered by the Commission, which made official an-

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nouncement on November 30th that it had decided to authorize two investigating commissions: one to look into the flight of the German capital into other countries and how to coax it back to the Reich; the other to find out "how to keep the German budget balanced and how to stabilize the mark." Although it was obvious that a regulation of the reparation arrangement could not take place without a thoroughgoing examination and revision of the whole present scheme, the Reparation Commission could not openly declare its intention of changing the present status. A formula was therefore carefully worked out on the balancing of the German budget and the stabilizing of the mark which was wide enough to be interpreted as a commission to recommend far-reaching changes but which yet in its smooth, apparently harmless wording would not arouse the open hostility of the French. On the face of the resolution a tame, dignified, innoxious investigation had been ordered.

The wording of the resolution authorizing the committees went back to the French determination not to permit the Reparation Commission to pass judgment on the Ruhr adventure. Equally determined was Poincaré that neither a revision of the reparation total be undertaken nor German capacity to pay be taken into account. He clung to his gospel, the Treaty of Versailles, which must be carried out in its every detail.

The very direct relation of French finances to the German plight was brought home to France. The senseless tactics of the French administration, its obstinate impolicy on reparations, its far-flung and ambitious military program, brought the franc itself to the brink in January, 1924. From the first of the year to March 9th the French currency dropped from 85 to 120 to the pound sterling. J. P. Morgan, who had angrily returned to New York after a trip to London when Poincaré had cynically called off an appointment with the remark that bankers were after profits and would come back any time they smelled money, now was appealed to by that same Poincaré to save

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France. By means of a loan and prompt action the franc was rescued.

The Dawes Committee assembled in Paris on January 14, 1924. The experts faced a big economic problem, complicated by international political meddling. Payment by gold of the reparation debt was impossible since all the gold in the world would only satisfy one-half of the bill. The Allies had only one way to receive payment, and that was by accepting imports, either directly from Germany or indirectly. They could not occupy the customshouses and collect import dues because those charges were paid only in worthless German money. They were, moreover, already receiving a 26 per cent export levy. Germany on the other hand could pay only from an excess of her exports over her imports. This is not the same as the annual excess of production over consumption because fixed capital goods like factories, roads, bridges, railroads which are a part of the annual production cannot be transferred to another nation except in title. Despite the fact that Briand and Lloyd George recognized this distinction as early as 1921, before the London settlement, the diplomatic results were unaffected by their wisdom.

Since Germany could pay only out of an export excess, the Dawes Committee was confronted with the pre-war situation regarding that export excess and the likelihood of a post-war excess. For twenty years prior to the war Germany had had a constantly adverse trade balance which averaged in the years 1908 to 1913 the sum of 1,480,000,000 gold marks a year. In the first three years after the war the adverse annual balance was about ten billions. In 1927 it was 3.3 billions.

The pre-war passive balance of one and one-half billions had been met by the so-called invisible items, consisting of interest on foreign investments held by Germans, by the income on carrying freights for foreigners in German bottoms, and by the profits on international banking. These invisible items not only made up the difference between the exports and imports but were sufficient to permit annual investments abroad. For the

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twenty years immediately preceding the war such foreign placements amounted on an average to 400,000,000 gold marks per year. This rate of surplus was, however, slowing up noticeably in the years just before the war. Germany herself needed the capital. Of the four hundred millions annually invested abroad by Germans, Moulton has calculated that perhaps Germany could have paid to Allied creditors about two hundred millions. The whole four hundred could not be taken for such purpose because, if the investments were not kept up, Germany would have less invisible income and consequently an increasingly large adverse trade balance.

Two hundred million gold marks a year is only one-twelfth of what the Dawes Plan will require of Germany. The experts in recognition of that fact definitely stated that the amount which Germany could assuredly raise and transfer would be so low that the Allies could not accept it. They, therefore, had to consider the possibility of producing an excess of exports over imports. One way would have been to reduce imports. Keynes figured that the most wildly optimistic guess would set Germany's possible annual payments at 2,000,000,000 marks. That sum, which he regarded as fanciful, would demand the severest restriction of imports and the most forceful stimulation of exports. But at the same time he declared that if Germany were to pay on the basis of the French indemnity of 1871 a total reparations payment of ten billion would be proper.

Moulton, going into the restriction of imports in detail, calculated that the Allies might secure about 1,900,000,000 marks per year. The curtailing of luxuries, which formed only a small part of the total imports, by 450,000,000 marks and manufactured goods by 650,000,000 would make 1,100,000,000 marks available. This sum he arbitrarily raised to 1,500,000,000 to give the Allies the benefit of any doubt. Finally he added the 400,000,000 marks yearly income from foreign investments, despite the fact that Germany had lost all but two or three billions of those holdings after the war.

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While imports might conceivably and with great danger to the German economic system be cut by 1,500,000,000, the absolutely necessary German imports amount to 15,902,000,000, made up of 885,000,000 marks in animals, 1,692,000,000 in food, and 7,362,000,000 in raw materials and partly manufactured goods. This was a total of 9,939,000,000 marks or 15,902,000,000 in 1923 values. As a precaution Moulton reduced this sum to 14,000,000,000 which compared closely with 13,200,000,000 in 1922 values of the average imports during the five year period 1909-13.

If it is an indispensable minimum that 14,000,000,000 gold marks' worth of imports be brought into Germany each year, then 14,000,000,000 must be exported to pay for these imports before anything can be applied to treaty exactions. But in 1927 the exports were only 10,000,000,000, leaving an adverse balance between 3.3 and 3.9 billions. In addition to paying for imports, huge replacements for treaty losses, such as 40 per cent of the blast furnaces lost to France and Poland, 30 per cent of the steel mills, 28 per cent of the rolling mills and sugar mills, chemical plants, and textile factories, and millions of tons of shipping were necessary.

Not only were factories lost by territorial adjustments but severe loss of raw materials also took place. Of coal, 49,700,000 tons, or 26 per cent of the annual pre-war output, was lost as follows: 13,000,000 in the Saar, 4,000,000 in Lorraine, 32,700,000 in Silesia. Germany actually suffered a shortage of 62,600,000 tons of coal from territorial losses, decline in production, and reparation deliveries. This huge quantity was made good by reducing her coal exports 85 per cent to 29,500,000 tons, by increasing the import of coal by 2,000,000 and increasing the use of lignite to 50,000,000 tons or an equivalent of 11,000,000 tons of coal. The coal shortage of course seriously affected the possibility of reparation payments.

The reduction of the German army to the one hundred thousand men required by the Treaty of Versailles did little to assist

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reparations possibilities because army supplies were not imported. There was, therefore, no foreign trade involved to help make an excess of exports over imports. The pensions, moreover, that had to be paid to the survivors of the Great War about equalized the expenses on the old army.

Germany could, indeed, get along with less imports than the indispensable minimum of 14,000,000,000 that Moulton declared must be allowed her. She did, in fact, import considerably less after the war. In 1922 she bought abroad only 6,000,000,000 marks' worth of goods. But the exports unfortunately fell off in proportion. If exports decline, the fund available for Allied debtors also declines.

The raising of sums capable of transfer to the Allies by restricting imports was, therefore, futile. Could they be gathered by stimulating exports? This method seemed as unlikely as the other. Germany's pre-war markets centered largely in Western Europe, which took 52 per cent of her foreign trade. Central, Eastern, and Southeastern Europe took 24 per cent, while North and South America purchased 15 per cent. In 1913 the total was 10,097,000,000 gold marks or 16,000,000,000 in 1922 values. After the war the great pre-war markets of Great Britain, France, Belgium, and Italy, the Western European countries, were faced by almost insurmountable difficulties in balancing their budgets and keeping their currencies from disappearing. They were all forced to cut down their imports as drastically as feasible. Germany was thereby greatly damaged. Neutral markets were equally affected by those import restrictions and themselves suffered as a possible market for German goods. Argentina and Brazil were lamed by the European economy and consequently became a poor market for German or any exports. The United States raised her tariff duties even higher to keep out European goods.

The prospects for German foreign trade were very bad. Not only were the old markets seriously impaired but the Allies who sought to collect the huge indemnity from Germany

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were active competitors for the markets which alone could give her the opportunity to pay her treaty debts. Germany, moreover, was equipped to manufacture and sell the same line of goods that the Allies were producing for export. Nor would it have been feasible for her to transform her industry to manufacture goods that did not clash with Allied sellers. All Europe was in fact suffering from an excess of productive capacity. Such a non-industrial country as Spain had been stimulated by the war demands to build up a sizable manufacturing plant.

There was another way of meeting the reparation debt. German workmen could be sent to the devastated regions to repair the damage done. This Germany repeatedly proposed to do but the French as repeatedly refused. Today it may be interesting to note that France has begun a wide program of public works on reparations account and expects to employ a considerable number of German workmen who, however, will mostly be engineers and expert or skilled mechanics.

While the best index of Germany's capability of paying is found in the amount of foreign investments she made with her surplus before the war, Germany did actually pay the Allies vast sums in excess of the four hundred millions which she invested annually abroad before 1914. The Reparation Commission credited Germany with having made payments amounting to the sum of eight billion gold marks, while Germany maintained that she had paid some forty-four billions. Such a wide discrepancy can be explained. The German figures are somewhat exaggerated. The Allied calculations are wrong too. The Reparation Commission admits that its figures are incomplete, which accounts for part of the variance. The Commission and the Germans, moreover, use different principles in estimating the value of material delivered to the Allies. Thus, for instance, the British got an agreement at Spa that they were to evaluate the shipping received from Germany. The boats were then used during the post-war shortage and when the boom collapsed a survey of their worth was made and a figure arrived at of £15 per ton.

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British shipping lost during the war was valued at £70 per ton. A more proper method of valuing the German ships would have been the customary commercial manner of figuring their worth at the time of delivery. The Commission also left out restitutions made by Germany and the value of the loans that Germany had made to her own allies and which she had been compelled to turn over to her conquerors. The chasm between the Allied figures of 8,000,000,000 and the German of 44,000,000,000 are accounted for by these and other facts.

Moulton made an independent calculation of what Germany had paid and reached a figure of 25,791,400,000 gold marks prior to the Dawes Plan. That amount does not include the value of the German colonies, of her territorial losses, of the sums paid under the clearing-house procedure, of restitutions, nor of the sums paid for the army of occupation and control commissions.

If then Germany had actually turned over to the Allies a sum equivalent to almost 26,000,000,000 marks, how are Moulton's figures of 200,000,000 gold marks per year or Keynes's optimism of 2,000,000,000 annually to be justified? By the fact that 18,000,000,000 of the 26,000,000,000 paid after the war consist of capital transfers that can be made once and never again. The 26,000,000,000 were not paid out of income, as payments over a long period of years must be made. Ships, docks, harbor equipment, live stock, ocean cables, could be turned over to the victors once only.

In addition to the surrender of these enormous values, which alone would have upset her trade balance, Germany continued to have an adverse trade balance, as before the war. At the end of 1922 the total deficit that Germany had to meet was about thirteen billion gold marks. While the payment in gold and short-time loans raised about two billions of this deficit, the main source of meeting the charge was by the sale of paper marks to illusioned speculators abroad. About eight billions were secured from the greedy investments of foreigners in German

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marks, by the sale of the remaining foreign investments and the sale of stocks and industrial property in Germany. Probably some eight billions of property came into the possession of foreigners. At least four billions of this amount were invested in city apartment buildings. It was estimated that on April 1, 1923, one-third of all the dwellings in Schöneberg, a good residential section of Berlin, were owned by foreigners.

The Germany that the Dawes experts were to assess and levy upon had lost, through the war, values equal to 135 billion gold marks. The total national wealth before the war only amounted to 300 billions. It was obvious that a country which possessed only a little more than one-half of its former wealth must be in a very unfavorable position to satisfy exorbitant creditors. In 1913 the various savings institutions, banks, insurance companies, held 44 billion marks of the German people. In 1923 that amount was only 4.4 billions.

The experts were well aware of the denunciation in Allied countries of Germany's so-called light taxation. The indignant cry was that Germans must pay taxes as heavy as the Allied citizens. The facts, however, were that Germany paid in taxes at a rate that would have caused complaint from any taxpayer, whether Allied or enemy. It has been estimated that Germany paid at a rate of 23 per cent, France 18 per cent, Great Britain 30 per cent, the United States at 14 1/3 per cent. In relation to her wealth and income Germany was paying proportionally heavier than the others.

Taxation was an insoluble problem to the German Government itself. Before the war the national administration had no right to levy direct taxes, which were levied by the states and turned over in part to the nation. The states were very jealous of their taxing right and rather than give the nation the power to raise taxes directly preferred to levy a tax when only a part thereof need be paid to the central government. The republican constitution gave the federal authorities the right to raise taxes wherever they saw fit, and this right was soon made use of.

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The war had left a tremendous burden, and money must be forthcoming for reparations also. During the years 1919-20 the indemnity consumed about 20 per cent of the government's actual receipts, but in 1922-23 it took 150 per cent of all actual governmental income.

The Weimar Assembly found the question of funds one of its urgent problems. A great political struggle developed over it. A new taxation organization was slowly built up, but in the meantime such important measures as the Reichsnotopfer (National Emergency Contribution) failed. New laws were enacted to secure revenues for the government, but by 1921 the taxpayer had learned that it was wiser to hold off payment of taxes and pay the assessment and any penalty in depreciated currency. The constantly changing conditions forced the government to ever new devices. The forced loan, an extraordinary income tax, an extraordinary increment tax, a capital tax taking as high as 60 per cent, increased freight and traffic taxes, an inheritance tax, transfer tax, sales tax, luxury tax, export levy, lottery tax, are only some of the sources tapped in the effort to balance a budget that had never been balanced except once or twice before the war.

For a short time during the period 1921-22 the government actually succeeded in gathering from its citizens about one-fourth of the national income, but the London Ultimatum and the impossible settlement of 136 billions upset the mechanism. Finally the terrible inflation of 1922 and 1923 precipitated the fiscal administration into chaos.

While the federal authorities were striving with might and main to secure an adequate supply of funds the Allies had observers placed in strategic positions in the German financial departments. No radical suggestion, indicating that Germany was not making every effort to secure all the taxes she possibly could, was ever made by these men. Instead the Dawes experts in their report recognized the justice of the German taxation system.

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Nor was the German Government lavish in its expenditures, for the Dawes Plan explicitly states that in some respects they must be raised, as in its payment of wages to its railway employees.

When the Dawes Committee began its work the inflation was just ended and the question it had to ask itself in that connection was whether the wiping out of debts by this wholesale method had been of advantage to the country. In so far as the ability to start with a clean slate was concerned, it had been a benefit, but the nation as a whole only suffered from that calamity. Perhaps a few people may have derived gain from the ruin of the nation, but all except the ghouls had been harmed. As far as the country's ability to pay reparations debts was concerned, the inflation surely had not opened new possibilities of payment. Even if some had gained where others had lost, the national wealth had only been redistributed and not increased. Taxes might be collected a little easier after such a shuffling but there was rather less wealth than more to be taxed.

If the tremendous toll that a ruinous inflation takes be properly considered, no one today would repeat the charge so freely made before the Dawes era that Germany had instituted the inflation in order to avoid her debts. While the popular opinion may have swallowed so senseless a theory, the economists who constituted the Dawes Committee were not taken in by that absurdity.

Events had taught even the politicians that the old method of collecting reparations was wrong. Economists had a clearer picture of the faults of the method. The Dawes Plan formulated these difficulties and by pointing out the inextricable relationship between currency, budget, and foreign trade did the world a great service.

In working out the details of the plan the experts were determined that the currency must be on a gold basis. The budget must be balanced. They declared it to be a prerequisite

to their plan that Germans pay taxes at least equal to the Allies. They further posited the statement that reparations must be a prior claim on the government. But this did not prevent them from declaring that Germany's minimum expenditures must take precedence over even reparations. They moreover recognized that her expenditures so far from being extravagant were not high enough and would have to be increased. While the Committee said that the abolition of the public debt by the inflation was a gain, it is difficult to determine how the nation is any richer for that catastrophe since there is no more wealth than before that event. There is even less since some of the national resources were squandered abroad.

In order to have a satisfactory budget an increase of prosperity is necessary, since the Committee realized that taxes cannot be raised higher than they are. Germany must experience an economic and financial recovery. And one of the prerequisites to such a rehabilitation is a recovery of Europe in particular and of the rest of the world in general. The experts did not ask any change in the taxation.

The Dawes men were well aware that Germany's export balance is the measure of her ability to pay, and that the sum of two and one-half billion marks was scarcely within that ability. They said that the amount which Germany could surely pay is so small that her creditors would not accept the plan on that basis. But their realization that two and a half billions is beyond her capacity to pay made them arrange a device to take care of the very likely contingency where that sum could not be transferred. They therefore decided that after five billions had been accumulated in Germany the building of reserves within Germany must cease. They also gave two-thirds of the Transfer Committee the right to suspend accumulation of funds within Germany, if they were convinced that the German currency was threatened. They set the sum of two and one-half billions as a figure that the Allies might accept and declared that expert administration and supervision must accompany the

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execution of the Plan to prevent harm and to take advantage of any unforeseen but very unlikely possibilities.

The Plan inevitably shows in its compromises and contradictions that it is not the work or theory of one mind or a group united in its attitude. With the large number on the committee and the outside experts called on, no closely woven thought or theory could be attained. There are overlappings in the work. Industry is called upon to pay 300 million marks annually on the bonds that it must give. At the same time it is called upon to pay higher railroad rates so that the railways may pay a large indemnity. It is also called upon to pay increased tax rates.

In the opinion of some experts the better manner would have been to set a number of years during which Germany's export surplus should be applied to reparations. The Plan too was hemmed in by the political situation. The experts had no authority to determine the total amount of Germany's debt nor what Germany had so far paid. The relationship between reparations and Inter-Allied debts was left untouched as too dangerous a subject-matter, but in the future that question must be taken up. And it should be remembered that the investigation that the Reparation Commission entrusted to the Dawes Committee had been in its power ever since its creation in 1920 but the Commission had allowed matters to come to the sorry pass that forced a change.

CHAPTER XV

THE DAWES PLAN

THE Dawes Committee did not allow the intransigence of the situation to block its efforts to bring order back to Germany and to Europe. On April 9, 1924, its report, announcing that Germany must have her country as a unit under her own control if reparations were to be paid, was ready. This meant that France must get out of the Ruhr. Poincaré, however, was unwilling to evacuate the pledge he had secured. The Committee had skillfully gone ahead with its duties on the assumption that no budget in Germany could be balanced as long as the reparation question was not solved. It, therefore, had declared that the Ruhr must be freed. France then clung at least to the railways as a pawn and as a means of saving her face. She had to be convinced that a private corporation running the railways offered better security than possession. Unless France relinquished the lines, the effort would go for naught since it was just the railways that must be in the best working efficiency if industrial production were to be smooth and profitable.

The Committee not only had to deal with France but had to bridge the differences in its own ranks and listen to the statistics and pleas of the Germans themselves. England through her representatives stood for a single, coherent budget which was to include the German domestic expenditures as well as the reparation debts. France opposed. She wanted the reparations to be divorced as much as possible from all other considerations. She did not want to tie up her demands with the general financial problems of the Reich. France was able to put through her wishes in this matter.

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The Dawes Committee had made a visit to Berlin for the purpose of seeing with its own eyes just what the conditions in Germany were. Here it had found the miracle of a weak, trampled country rehabilitating its moribund finances out of its own resources. It was so impressed by this feat that it decided she must have potential wealth to a high degree. As a result of this belief the Committee virtually determined upon three billion gold marks as the amount that the annual reparation deliveries should total. German experts were much alarmed at this decision and after earnest representations were able to set the final figure at two and one-half billions.

The Dawes Plan recommended, therefore, that a total yearly payment amounting to two and one-half billion gold marks be established. This sum was to be made up as follows:

Customs and consumption taxes	1,250,000,000,000
Railway	660,000,000,000
Transportation tax	290,000,000,000
Industrial mortgage	300,000,000,000
<hr/>	
Total	2,500,000,000,000

That total, however, was not to be reached until the fifth year. A series of graduated payments was to lead up to the full payments. The first year Germany was practically not called upon to make any payments out of her own resources. The starting assessment was one billion gold marks, of which eight hundred millions were borrowed in a great international loan, while two hundred million marks from the railway were the only moneys paid out of her own pocket. The payments gradually rise until in the fifth year the full two and one-half billions are reached. The schedule is as follows:

<i>First Year</i>	
Railways	200,000,000
Reparation loan from abroad	800,000,000
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	1,000,000,000

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Second Year

Railways	595,000,000
Transportation tax	250,000,000
Industrial mortgage	125,000,000
Sale of railway preferred stock.....	250,000,000

1,220,000,000

Third Year

Railways	550,000,000
Transportation tax	290,000,000
Industrial mortgage	250,000,000
Budget (controlled revenues)	110,000,000

1,200,000,000

Fourth Year

Railways	660,000,000
Transportation tax	290,000,000
Industrial mortgage	300,000,000
Budget	500,000,000

1,750,000,000

Fifth Year

Railways	660,000,000
Transportation tax	290,000,000
Industrial mortgage	300,000,000
Budget	1,250,000,000

2,500,000,000

One of the features in the Dawes Report that made it possible for the French to accept the relatively small sum of two and one-half billion gold marks after they had cemented their hopes on double and treble that sum was the erection of an index to ascertain the degree of German prosperity. By this means the hope of securing larger payments got new life, although the reality of the prospect was not very animated. This index was in the nature of the familiar indexes of consumption, wholesale prices, car loadings, and the like. It was derived by a complicated process from six different sources. The total of the German imports and exports; the total income and expenditure in the Federal, Prussian, Saxon, and Bavarian budgets; the

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total weight of goods carried by the railways; the total consumption of sugar, tobacco, beer, and spirits; the population of the country; and the consumption of coal per person—these combined made up the index of prosperity. The extent of use of this thermometer for the purpose of raising the annual indemnity is very uncertain, although it has been estimated that it will increase Germany's total payments about one and one-half billion dollars.

One of the great features of the Dawes Plan is that Germany now can calculate exactly what she must pay. Two and one-half billion gold marks is the sum total of the demands that the Allies may make upon her. The cost of the armies of occupation, of maintaining the control commissions, of keeping the Dawes Plan itself working, all must fall within that total. Under no circumstances may a supplementary bill be presented. Before the Dawes Plan there had been no certainty. A twenty-six per cent export tax or a twelve per cent levy on the same articles, the cost of maintaining the armies, Allied commissions, nothing was fixed.

The transfer system was a very marked advance. We have seen how the clause making it incumbent on Germany to pay off her debts in dollars had led to a great decline in all the European exchanges in 1921 and how disastrous the necessity of converting marks into other exchanges had been for the German monetary system. Now after Germany had paid over to the Reparation Agent the sums, due and owing, her obligations were fulfilled. The Allies must look out for the transfer themselves. And, furthermore, they have to accomplish it without endangering the German monetary structure, for the stability of the mark is a keystone in the Dawes Plan. When the mark is threatened, transfers must be suspended.

The principle governing the deliveries in kind is that they must be a portion of Germany's excess of production over consumption. The original demands of the Treaty for coal were beyond the surplus that the annual production could give. An-

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other vicious practice that had grown up under the treaty deliveries was that of selling the German products received to other countries. France had sold German coal to other countries, thus entailing a great waste in transportation. And the dumping prices furthered international, economic disorganization. Now all deliveries had to be used in the country receiving them. Finally the system worked out in the first deliveries agreement of Rathenau-Loucheur was adopted. Goods were to be bought by the traders or consumers through the regular private channels and in free trade. Orders were sent in and filled by the ordinary manufacturer or commercial dealer. The government had nothing to do with it. The Transfer Committee in Berlin, nevertheless, passed upon each order before it was permitted to be sent to the Allied country.

The guarantees that the Dawes Plan will be carried out faithfully are the same ones that stand behind any treaty or international agreement. It is provided that the Plan cannot be affected by a change of administration. The strongest factor supporting it is the fact that it is in the interest of Germany to execute its terms loyally. It was this sort of scientific procedure that she had striven for during the years leading up to the Ruhr raid, and now that she has achieved it, it is to her interest honorably and honestly to attempt its fulfillment. This she is doing. Her needs for foreign loans, moreover, assure that she will not disturb her credit lightly.

In connection with the Dawes Plan the gold discount bank was instituted on March 19, 1924, after Schacht had gotten the reluctant approval of the experts. On October 11 of the same year the new Reichsbank was organized. The notes of the new gold bank were to be covered by thirty-three and one-third per cent of gold and exchanges. For a time no redemption of the paper for gold was to be permitted.

The Dawes Plan was to be administered by various commissioners, one each for the gold bank, the railways, and the budget. The Reparation Agent was to be chief of all and a

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bridge between them. The mortgages of the railway and the industries were each to have a trustee attending to the interests of the Allied holders. The Reparation Commission was to appoint the General Agent for Reparations, or the Agent-General for Reparation Payments as he is officially styled, as well as the trustees for the industrial and railway obligations. The railway commissioner, however, and the bank commissioner were to be selected by the foreign members of the Board of Directors of the railway and bank. A coördinating board was created to unite these separate functions and to give the Agent-General a unifying control over the entirety.

In less than three months the experts had completed their investigations and on April 9, 1924, the two reports of the two committees on the flight of the mark and balancing and stabilizing the mark were published. The Reparation Commission, which had taken a full month to reply to Germany's request for the investigation, was not so slow in stating its views. On April 11th it notified Germany that it considered the reports to be a satisfactory basis for settling the indemnity question. Germany herself replied under date of the 16th that she accepted the plan. A week later, on the 24th, England, Italy, and Belgium announced their acceptance. Only France failed. The day following Poincaré sent an equivocal agreement. First he demanded that Germany take the necessary measures which the Reparation Commission should examine and approve, after which the Allied nations were to look into the matter and approve, if that course seemed wise.

With such an unresponsive answer little headway could be made. Fortunately political sentiment in France had taken a revulsion to Poincaré, whose stubborn, unreasoning attitude was incompatible with the work just finished, and in the elections of May 11th he was defeated. The Socialist, Herriot, became premier. He was ready to work hand in hand with the other countries, and matters were soon adjusted in the Allied circles and with Germany.

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A conference was called in London for July 16, 1924, at which it was hoped to reach definitive conclusions. Here the Dawes Report was to be made into a binding treaty. But before this could be accomplished the French had to forget their favored ideas about sanctions. The British and American bankers announced that they would make no loans until France assured them that force would not be employed again in an effort to execute the terms of the Versailles Treaty. The French demands for sanctions and the bankers' demands for security for the loan threatened to wreck the conference which had met in London to settle differences. Only toward the end of July was a solution found. The security for the loans was left to the bankers, Germany, and the Reparation Commission to settle, while France proposed that sanctions could only be employed when the Allies unanimously agreed on such measures. Should there be no unanimity, then the differing country or countries could ask for an arbitration to be pronounced by three neutral delegates presided over by a citizen of the United States.

Having come to an agreement among themselves, the Allies invited the Germans to send their delegates, who arrived in London on August 5, 1924. By August 9th an agreement had been reached between the two parties whereby each agreed to take the necessary steps to bring the report into force. The conference itself broke up on the 16th. The wholesome principle was established here that force must not be used against Germany but that differences must be arbitrated. On the questions touching the Dawes Plan itself it was decided that only in case of flagrant defaults could any steps against Germany be taken and then only by unanimity, including one American delegate.

The Dawes Plan was to begin operation on September 1st. so that there remained only three weeks in which to draw up laws, secure mutual approval of the phraseology, and push them through the respective legislatures. The London Conference had decided that the Reparation Commission was to watch the de-

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tails of putting the Plan into operation through national laws. Not only was it to note that Germany had put the Plan into operation but also whether the Allies had as well. Germany was to continue her payments even before the laws were in force but those payments were to be reckoned in the Dawes Plan. The German laws enacting the treaty were approved by the Reichstag on August 29th, and on the 30th they were proclaimed. On November 16, 1924, the French surrendered the railways back to the Germans.

A series of four laws was adopted by the Reichstag to make the provisions of the Dawes Report binding upon Germany. The first one was the banking law. The bank established by that bill was not a new institution. It was really the old Reichsbank with some changes. It was now completely independent of any governmental control or connection. That seemed to be the guiding aim of the whole report: cut away from all governmental strings. The bank was to call in its old notes at the rate of one trillion to a new mark, the rate at which the Rentenmark Bank had been able to stabilize the mark: 4,200,000,000,000 to a dollar, or one trillion to the old mark. The capital of the new Reichsbank was set at between three and four hundred million gold marks. It was to be managed by a directory of Germans, but the General Board was to consist of seven Germans and seven foreigners. The chairman with the deciding vote must be German. He gives Germany always final control. The Banking Commissioner appointed by the Reparation Commission was to oversee the administration of the bank and to watch that the laws were enforced. In order to be legal all notes issued must be stamped by the Banking Commissioner. All notes are covered by forty per cent security of which three-fourths is gold and one-fourth is exchange. The possibility of credits to the government from the Reichsbank was very rigidly limited. No more than one hundred millions of gold marks may be loaned to the state, and this must not be for a period longer than three months. Finally it was provided that all notes put

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into circulation by the Rentenmark Bank must be withdrawn in a period of ten years.

The second of the laws enacting the provisions of the Dawes Plan was that comprising the industrial sections. In reality there were two laws, one internal and the other external. The industries affected by the Dawes Plan are the big ones. The Plan envisages a mortgage of five billion gold marks on all big industries. The law therefore stipulates that every business of size must issue a mortgage with bonds, offering its property as security. The branches that were not obliged to place these bonds and mortgages at the disposal of the Allies were banks, insurance companies, hotels, and commercial houses because it was thought that they did not generally afford sufficient security to make their mortgaging worth while. Shipping, private railways, street-car lines, and narrow-gauge rail systems were brought within the terms of the law. Industries with a working capital less than 50,000 marks were also exempt on the theory that security was lacking. Although all businesses do not come under the clauses of the law, every business must pay taxes to meet the total of 300,000,000 gold marks that industry must pay over to the Allies each year. The large plants over 50,000 marks are merely the ones that must offer the security. They pay no more pro rata than any one else. Business under 20,000 marks are neither mortgaged nor taxed. For deeper reasons, agriculture with its sister industries, forestry, gardening, cattle-raising, wine culture, and fishing are exempt.

The actual mechanism of the industrial mortgage and bonds is not complicated. The industries coming under the terms of the law set out a mortgage equal to 15.73 per cent of their working capital, which is made payable to the Industrial Bank. On the basis of these obligations the Industrial Bank issues five per cent bearer bonds. The total mortgage of five billions bears five per cent interest and one per cent sinking fund, making a total of six per cent on five billions or the three hundred million gold

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marks, the annual obligation of industry. The Bank can, in principle, place five hundred million of the five billion mortgages on the market but the obligations of any one concern may not all be sold. Only one-half of a given industry's bonds may reach the hands of the public, and then only when the particular enterprise has been notified one month in advance and given an opportunity to buy its own obligation back from the holding Industrial Bank. For payments as they are made the industries are relieved of their burden by drawing lots. It is stipulated by the law that shipping and railway bonds may not be sold at all. Although the mortgage is security, the payments of interest and sinking fund are guaranteed by the government. Germany must pay up even if the industries default.

The great storm center of the Dawes Plan during the fight for adoption in Germany was the railway. Previous chapters have described the struggle for socialization and how strike after strike resulted from the delay in this program. The nationalization of the railways was a step along this path. It was a national achievement to unite the various state lines under federal control. It had been a provision of the constitution. No wonder that the recommendations of the Dawes experts should meet hot resentment. For here as elsewhere the Dawes Committee carried a deliberated policy of divorcing government from all business activity. Here, moreover, it wanted to break the old subventioning of export business. The Dawes Report advised that the state railways system be taken out of the hands of the government and be turned over to a private corporation to be created for that purpose.

The idea collided with the articles of belief of the millions of workingmen. It ran counter to the nationalists' haughty views on sovereignty. Even a reasonable patriot might take offense at this form of dictation. The constitutional provisions, moreover, had to be overcome and especially difficult were the taxes imposed by nation, state, and community. But there was not much choice. The alternative to the integral Dawes Plan was the

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economic chaos that had brought Germany to despair. Even the German Nationalists, upon whom the responsibility for failure would rest, decided that their political prospects could not carry such an onerous burden as plunging the nation back into upheaval. The voting on the railway law was awaited with great suspense. Since the constitution had provided for national ownership, the new law would have to be an amendment, which required a two-thirds vote. Without the German Nationalists, it could not carry. There were 466 members of the Reichstag. A quorum was 311. The party gave instructions that part of its delegates were to vote for and part against. When the balloting was over, it was found that 441 votes had been cast, of which 314 were for the railway law. Two-thirds of the quorum would have been 294. And so even this disliked railway provision went through.

By the terms of the law a private corporation is established which is to control the transportation system until December 31, 1964. The reparation debt of the railway system is eleven billion gold marks, on which six per cent, five for interest and one for sinking fund, is paid annually, or a sum of 660,000,000 gold marks.

It is perfectly clear that the disposition of the railways made necessary by the Dawes Plan was forced on Germany and except under compulsion would not be tolerated. The mortgaging of the transportation system, the foreigners on the administrative council, the foreigner who must act as railway commissioner and the foreign arbitration in case of differences are not the placid acceptance of free people. But despite the disagreeable features of the Plan there is sufficient left to make a continuation not irksome. The German character of the system is preserved. In every respect it is a German enterprise, managed and worked by Germans. The Dawes Committee in keeping with its wholesome principles makes it essential that the railways be worked on an economic basis, or in other words to Germany's advantage. The fact that the German employees re-

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mained was an assurance that the railways would keep German interests in the front.

The railways, which since Weimar had become national property, were turned into a form of private corporation with a capital of twenty-six billion gold marks. Eleven billions were turned over to the trustees as a mortgage to secure the reparation debt. These mortgages cannot be sold. When this obligation was delivered to the trustees, the largest single mortgage transaction in the world took place. Fifteen billions represent the working capital, of which two billions are in preferred stock. It was specified that five hundred millions of these preferred stocks were to be sold and the cash paid over to the Allies. The other thirteen billions were common stock which went to the nation and the states for their respective parts in the railway system.

As in any corporation a board of directors was named which has the duty of managing the lines. In addition to the Board there is an Administrative Council to consist of eighteen members. Nine must be Germans, while the other nine are appointed by the Trustee, who must designate at least four foreigners.

So long as the reparation demands are met the managing Germans are undisturbed. But should the railroad be unable to make its payments the Railway Commissioner gets the power to change the rates and cut expenses. He may also discharge the general director, if he thinks he is responsible for the failure. If, after these measures have been introduced and six months have elapsed in a trial of the new method a deficit is still unmet, the Commissioner can take over the railway himself. In the event he elects to run the lines himself, he is immediately bound to obey all the regulations that bind the general director. If in his capacity as general director the Commissioner still does not have success, he then may lease the whole system.

While the German character of the undertaking is untouched, the foreigners connected with the corporation bear certain privileges. The Railway Commissioner is named by the

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foreigners of the Administrative Council. Should the railroad desire to incur an obligation for purposes other than reparations the consent of at least two foreigners on the Council must be obtained. Finally one foreigner at least must be on the working committee of the Council. On the other hand should the construction of new lines be wished the consent of the German Government must be secured. And Germany is given the right to pay more quickly, if she is able, thus freeing the system earlier than December 31, 1964.

The pledged or controlled revenues after the fifth year are to net the Allies one billion two hundred and fifty million marks, or just one-half of the total annual reparation payments. The procedure by which the Commissioner for the Controlled Revenues secures the money is interesting. All the German taxes are paid over to the Commissioner every month. Beginning with the third year the Commissioner retains one-tenth of all the taxes paid to him. This one-tenth he takes out of the highest ten tax classes, the oberfinanzkassen, and the spirits monopoly. From his retained one-tenth he makes the monthly payment to the Reparation Agent, so that at the end of the year the total of 1,250,000,000 marks has been paid. The difference between one-tenth and one-twelfth, provided there is a balance (some months it is foreseen the taxes may not equal the monthly installment) is turned into a reserve fund. This fund is enlarged until a total reserve of one hundred millions is built up. The purpose of the reserve is to have a source out of which any deficiency may be made good that a failure of the revenues might entail. The Commissioner must be informed of all contemplated laws which may relate to the taxes that are paid over to him. It is within his power to demand that the tax administration be taken out of the hands of the government entirely, if an arbitrator called for the purpose decides that this is necessary and wise. The taxes on spirits, tobacco, sugar, and beer may not be reduced without his consent.

The initial step in the execution of the Dawes Plan was the

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offering of the great \$200,000,000 international loan. The greatest part of this had, of course, to be raised in the United States, although England placed a good portion. This loan was given rights prior to everything else. Not the occupying armies, not the reparation payments, nothing came before the service on the loan. This was necessary to awaken a belief in its security in the international investors, who came forward with alacrity to take up the issue. Another step in the execution of the Plan was the reduction in the Reparation Commission's activities. Its permanent office, which had been in Paris, was given up and it was decided that meetings should occur only at appointed times and specified places. Only a permanent subcommittee was stationed in Paris. Now that Germany was not obliged to pay any bill that the Allied agencies presented the long-needed economy began to prevail.

In the first year of the operation of the Dawes Plan the Agent-General had to reduce the request for deliveries in kind. The Allies had presented too many orders for the good efficiency of the German economic system. Under the Plan all wares can be freely exported, except coal, ammonia, and dyes. Orders that are sent to Germany—and they are all cared for exactly like ordinary international trade transactions—are gone over by the united reparation offices in Berlin. If the order is approved, the Transfer Committee must still give its consent before the goods may be shipped. That committee has decided that a contract originally a regular commercial transaction between Allied and German business men cannot be later changed into a reparation contract without the consent of the German manufacturer or business man. For business reasons a German manufacturer or dealer may quote his price cheaper to an ordinary business man than he would on a government contract. He might wish to initiate business relations and be willing to cut his profit for a first transaction in order to establish dealings. Or he might have other reasons. The Committee decided there was no deception or unreasonable practice in that. An Allied

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purchaser could not, therefore, take advantage of private business methods and then switch the deal into a reparation contract.

While the Plan has brought great efficiency and reason into a chaotic state of affairs, not everything has been solved. On August 29, 1924, England passed a law whereby she made what was termed a recovery to the value of twenty-six per cent of the worth of every German shipment entering the country. This had originally been levied in connection with the London Ultimatum of May 5, 1921, but on February 25, 1924, England reduced it to five per cent on account of the great financial plight of Germany. France also started a recovery act on October 1, 1924. The levying of such sums threatened to disturb the smooth working of the Dawes Plan, since the Reparation Agent had no control over the sums that were taken in by other countries. It was a violation of the spirit of the agreement. Germany might under this disorderly system be compelled to pay more than the 2,500,000,000 marks required by the Dawes Plan. Consequently both Germany and the Agent protested. This difficulty was resolved by England agreeing not to collect the tax but to keep only a statistical record of the twenty-six per cent. The total is then collected from the German Government, which has an understanding with the great majority of exporters to England whereby they agree to pay thirty per cent of the value of all goods shipped to England to the government, which then pays England under the Recovery Act. The Transfer Committee then repays the German exporter.

The arrangement with the French Government was different. Paris collected directly but under the supervision of the Reparation Agent. On February 2, 1928, however, France agreed to adopt the English compromise method. While the Dawes authorities do not have complete control over these recovery acts, still they are able to exercise influence.

The question as to what percentage of the reparations received under the Dawes Plan should go to each Allied country

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was answered by leaving the terms of the old Spa agreement in operation. France got 52 per cent, England 22, Italy 10, Serbia 5. Some modifications were made to account for the old 8 per cent priority that Belgium formerly received.

The great work done by the Dawes Committee in little less than three months has found understanding praise from professional economists and public alike. In the United States particularly it was and is still regarded as an extraordinary phenomenon, a superhuman effort. The chapter on the reparation history has explained in some measure the foolhardy, unreasoning efforts that preceded the Dawes Report. It took four years and more of misunderstanding, impossible demands, open warfare to give common sense a chance. There is no need to bring upon the Committee's work the depreciatory praise of exaggeration. It profited by the mistakes of hatred and summed in its report the thought and progress of the economic world. Its contribution lies mainly in taking the whole reparation question out of the domain of politics. The recognition of the relation of the budget, currency, and the international balance of payments is a great advance. The international experts took as their foundation the principle that sound financial and economic conditions must prevail in Germany, if reparations are to come out of that country. Finally their insistence that the plan must be administered as an indivisible unit was a distinct benefit to Europe.

CHAPTER XVI

LOCARNO AND INDUSTRIAL REHABILITATION

THE Dawes Plan was expected to put Germany's chaotic industrial conditions into working order and to stimulate a high productivity and profit. Stresemann, the chief of the People's Party, which leaned heavily upon the industrialists, had supplanted Cuno's rudderless program with the very definite policy of surrender in order to get the mines and factories working again. That program led along the path of the Dawes Plan and reconciliation with the Allies. The Social Democrats and the Democrats had preached understanding ever since the war, and now their beliefs were taken over and ardently pursued by the moderate rights. Stresemann and his big business friends had come a long way from their heart-felt confidence in the monarchy, but business faces facts. They were willing to sacrifice political conviction to economic improvement.

Instead of the end of the rainbow Germany found herself in the throes of trying post-inflation experiences with prices high and exports almost impossible. Europe had not yet, nor had the world, returned to the comfortable, prosperous situation existing before the war. Europe, where the Treaty had prolonged the uneconomic war feelings, was hit harder than other continents. Germany as the trodden and trampled was the most suffering of all the nations. The business men of Germany in an even more heightened degree than those of the ex-enemy countries were deathly weary of the lunatic economic conditions and the cutthroat competition. Seventy-five per cent of Germany's exports before the war had been to European

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countries. War animosity, fear of revenge, mortal encounter instead of coöperation and exchange existed in Europe. Germany longed for normal, peaceful conditions. She had lost almost one-half of her capital goods. Treaty cessions and reparations had left her an old mill with no water to turn the wheel. She desperately needed loans for working capital.

The great obstacle on the return journey to normal European conditions was the French fear of the more populous and economically stronger Germany. That haunting dread was always lurking behind all French policy. France was torn between the opposing and often mutually exclusive desires for security and for reparations. The reparation clauses of the Treaty, because of their contradictory nature, had led to chaos and the Ruhr raid. Clemenceau was actuated by a cold program of reducing Germany in size and strength to the French standard. He malignantly declared that there were twenty million Germans too many.

France attempted to solve the urge for security at the Peace Conference. With her forty millions facing a Germany of sixty-two millions she demanded control of the Rhine by means of a perpetual buffer between the two nations. Her plan was to erect an independent Rhine state under French domination. The other Allies frowned upon this cynical amputation of German territory but agreed to defend her against any aggression from Germany. This guarantee took the form of the ill-starred Three Nation Pact between France, England, and the United States which the American Congress indignantly rejected.

A policy which had been initiated as far back as Louis XIV could not be given up unconcernedly because of a rebuff at Versailles. Napoleon Bonaparte and his imitator, Napoleon III, both carried on the program of cutting into Germany by Rhine separations. Republican France was just as fettered by the exigencies of the immemorial French Rhine policy as was the monarchy. After the great victory in 1918 France continued her efforts to weaken Germany by aiding the socialists in Berlin, the

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monarchists in Bavaria, and the clerical republic on the Rhine.

The machinations for a Rhine state culminated in the Ruhr invasion and the encouragement and instigation of the separation movements. Germany, unable to meet force with force, sought to check a further loss of territory by renouncing all warlike aggression. Cuno on December 18, 1922, two weeks before the Ruhr inroad, offered France an agreement to refrain from aggression, but it was refused. His proffer of a four-power treaty to guarantee the boundaries for thirty years found no sympathy in Paris, where the plans for invading the Ruhr were on the table. On May 2, 1923, Stresemann also made overtures, which fell on deaf ears because they were taken to be a maneuver to free the Ruhr. Pressed by the inert conditions of the post-Dawes period he tried again on February 9, 1925, when he dispatched a confidential memorandum to the great powers, stating Germany's views on Herriot's speech in the Chamber on January 28, 1925. Discussions ensued between the Allied capitals, with England playing a prominent rôle in encouraging and arranging details. Not before June had Allied negotiations advanced far enough for a reply to Germany. On June 16, 1925, Briand sent a favorable note to Stresemann. During July a conference of lawyers took place in London where the points were worked over. Germany answered Briand on July 20th, and agreement in principle had been reached. The famous Locarno spirit prevailed.

Suspicion and hate had run their unprofitable course into the bankruptcy of the Ruhr and Europe had learned the truth that Germany was the heart of the continent. Europe labored under the difficulty of the economic situation. The evil of following a false peace was coming home to France and the other victors. Matters kept getting worse instead of better. It was pretty obvious that Germany was not going to be able to pay the indemnities that France had hoped to receive. With that recognition came the overthrow of Poincaré and the installation of

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Herriot, the socialist disciple of conciliation. So had Locarno become possible.

Germany on the other hand had no other course if wisdom was to rule. Her dwarfed and ill-nourished army could not hope to force a chance. She had just gone through the pangs of inflation and now was gasping under the post-inflation deficiency. She needed the food of liquid funds. Loans could be obtained only in New York and perhaps in London, but the bankers feared the ever-present threat of war. The Inter-Allied debts were also bothering the financiers. Security must precede the loosening of the purse strings.

Although events had hewn a path to Locarno, the difficulties to be surmounted were enormous. In Germany the sentiment against renouncing Alsace-Lorraine seemed insurmountable. The German Nationalists were against France forever. In France the Polish question was big. Poland was France's protégé and vital to her scheme of recruiting the secession states against Germany. On the other hand Germany refused to renounce the eastern frontier in addition to the western, for here the unrighteous Polish corridor and Danzig must be rectified. Germany might voluntarily make a sacrifice of Alsace and Lorraine, but she needed the east for consolation. England, too, which was an integral part in the mutual guarantee scheme, refused to enlarge her commitment to include the east.

Germany was confronted with other problems besides the French borders. The disarmament which had reduced her to one hundred thousand soldiers must be neutralized by the disarming of her neighbors as well. The French military treaties with Poland and Czecho-Slovakia, which were a perpetual menace to Germany, must be set aside. France had also utilized the time before Locarno to obtain a decision from the League of Nations that the settlements made up till then were to be recognized as permanent. This meant that Germany after her entry into the League could not reopen questions that were decided in her absence and to her detriment. The German people ardently

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desired a reduction in the Allied Control Commissions and an end to the military occupation. The war guilt must be revised. On September 29, 1925, the German Ambassador in London informed the British foreign minister that his government would bring up the question of war guilt at Locarno. The German Government was dissuaded from doing this. All these were major problems of German foreign policy, and all pressed for solution. Fortunately wisdom, which dictated starting on part of them rather than holding to an intransigent demand for all or none, prevailed.

The negotiations leading up to the conference lasted eight months. England was an enthusiastic promoter of the idea, finding it in her interests. Russia, which was bound to Germany by the secret Rapallo Treaty, feared that Germany's reconciliation with the Allies would bring her into the ring against the Soviet state. June 24th Stresemann assured her that the friendship between the two would continue. October 12th a commercial treaty was signed renewing the old principles wherein Germany agreed to remain neutral toward Russia.

The meeting at Locarno took place from October 5th to 16th. On the latter date the treaties were initialed. There were the Rhineland Pact or the Treaty of Mutual Guarantee, the arbitration treaties between Belgium, France, Poland, Czechoslovakia, and Germany, as well as a note in which the signatories defined their interpretation of Article 16 concerning the use of troops against a delinquent state. The Allies declared that this meant that a nation's obligations under this Article are modified by geographical proximity. Germany balked because she might become involved in a crusade against Bolshevik Russia, but this definition set her at ease. She agreed to enter the League of Nations if the Allies insisted upon it. The definition which quieted her, however, can be construed to mean that the nearest neighbor must make the greatest effort.

Locarno inaugurated an era of peace. The signatories committed themselves to a course of peace instead of to an armis-



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Gustav Stresemann

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tice. All distinguishing lines between victors and vanquished were dropped. The word "Allies" was not used once during the conference. Even in London the Allies had had a separate meeting before they confirmed the Dawes Plan. Here Germans and Allies always met together. Germany had not intended to include Poland and Czecho-Slovakia in security pacts nor were the arbitration conventions on her program. She made great sacrifices.

Germany agreed at Locarno to forego any attempt to alter by force her boundaries in the west, including the demilitarized Rhineland. Germany and France further agreed to settle all their disputes peacefully. England and Italy undertook to combat the aggressor whether it be France or Germany. A course of peace was officially adopted. The arbitration treaties enthroned that pacific principle. But the exception made in allowing France to continue her unconditional guarantee to Poland and Czecho-Slovakia impaired the arbitration idea. An air of unreality was introduced by excluding all treaty problems as things of the past. It is exactly these questions that will bother Europe for many years to come and may bring the Locarno spirit to grief. England and Italy agree to enter the lists for the nation, France or Germany, that is the victim of unprovoked aggression, but no machinery is provided to establish what such aggression is. The conciliation mechanism is too complicated. It is provided that all questions not settled by diplomacy or by the World Court are to go to the Permanent Conciliation Commission. If the recommendation of that Commission is not acted upon within a month, the matter may be appealed to the Council of the League of Nations. Finally a complete acknowledgment of the insufficiency of the League as a pacifier is made by the clause that the treaties are to continue until the Council of the League decides that the League affords sufficient security to the nations involved.

To secure sufficient votes in the Reichstag was a tremendous task for Stresemann and Luther. There was too much sentiment attached to Alsace and Lorraine. The German Nationalists crystallized that sentiment in their bitter denunciation of the

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pact. At their party conference on November 16, 1925, they expressed their opposition. So bitter was the feeling among the conservatives that Ludendorff found it necessary to attack his old chief, Hindenburg, who as President of the country had convinced himself that Germany's way out of the post-war difficulties was through this renunciation.

Despite the violence of the German Nationalists and the sentiment that they echoed, the government expected the passage of the enabling laws. The National Council had passed on it favorably. A manifesto signed by three hundred prominent industrialists declared to the nation that it was necessary to Germany's future progress. This was a frank confession of the wishes of business. The Socialists had agreed to support it, if the cabinet would resign after its passage. So on November 26th and 27th the People's Party, the Center, the Bavarian People's Party, the Socialists, and a few German Nationalists voted 300 to 174 in its favor. From that time on, the German Nationalists declared the law unconstitutional; but when they entered the cabinet in 1927 they had to acknowledge that the law was constitutional.

With the ratification of the treaties in London the press of the world hailed the advent of a new era. A new spirit was rampant in Europe. The brotherhood of man and reconciliation were finally achieved. The famous Thoiry pourparlers concerning a sale of German railway and industrial bonds were launched. The practical consequences of Locarno were that Germany got the loans from the United States she thirsted for. Millions upon millions rolled into Central Europe, and a great program of modernization, under the name and style of rationalization, began. Germany was getting her industrial plant into order for a renewed onslaught upon the world's markets. While this preparation was going, further strides were made on the road to European recovery.

The pre-war European economy had been characterized by the Ruhr-Lorraine system, annihilated by the peace. Before any

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serious moves for the old and tried continental conditions could be taken some measure of restoration of that exchange must be taken. Germany had never benefited from the coal she delivered to Lorraine as reparations by an exchange of iron ore. She had arranged to obtain her raw iron in Spain and Sweden and to a lesser degree from Africa. But these were only provisional and unnatural sources of supply. Lorraine and Ruhr were inevitably linked together by geography.

It is not strange therefore that negotiations should have soon begun for a return to the old, mutually beneficial scheme. The iron and steel trade had particularly difficult conditions to face after the war and therefore had an especial reason to come to an understanding. The war had stimulated Europe's productive capacity, which had been drastically deflated after the war. Germany, however, instead of finding herself with an excess capacity had to bear a loss of forty-two per cent of her iron and steel plants. She was inspired to build new factories to make good the peace losses. So while the rest of Europe was letting the fires go out, Germany was actively engaged in constructing new furnaces. This activity was further stimulated by the cheap money of the inflation period.

The building program struck a difficulty as did the whole iron trade in the doldrums of the post-inflation era. The German raw steel cartel ordered a thirty-five per cent reduction in production from August, 1925, to June, 1926. During 1925 Germany consumed only one-half the amount of her pre-war steel demand. While Germany was working only fifty per cent of her capacity in that year, France was producing briskly seventy-five per cent of her possible output. In France 1925 was the year of inflation, and the cheap prices in the depreciated franc made her an unnaturally large exporter. In 1926 France surpassed her 1925 record of seventy-five per cent production. Germany could not compete with inflation prices, especially with the expensive market which followed inflation in her own country. The war changes, which had dislocated Lorraine and the Saar and had

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pulled Luxemburg out of the German orbit into that of Belgium, weighed heavily upon Germany, where iron and steel were the backbone of the whole economic structure. In addition, the traffic disruption between Lorraine and Ruhr, Luxemburg and Saar and southern Germany called for remedy. Finally Germany was determined at all costs to keep intimate contact with the Saar which must by all means return to Germany by the plebiscite in 1935.

The Reich had many vital reasons for reaching an understanding with France. But France had motives of her own for entering into the spirit of the movement. The Treaty of Versailles had stipulated that for five years the Saar and Lorraine were to enjoy customs exemption for their products going to Germany. The object was to allow the districts a period within which to adjust themselves to a new economic alignment. In 1925 these privileges came to an end. The two states, however, had not been able to work out a new course in the five years. France had a deep interest in maintaining the industries of those two regions. France, moreover, desired a commercial treaty with Germany, which could not be negotiated until some agreement had been reached on the old Ruhr-Lorraine preserve. The temporary advantages of a cheap currency, too, must come to an end in time.

Besides the special circumstances driving France and Germany into each other's arms there were general causes for an understanding. The general European conditions with their lowered living standards and inflation were powerful inducements. Germany, moreover, had been cut off from her foreign markets, robbed of her patents during the war, and deprived of her sources of raw materials.

Germany, therefore, became the driving power behind the efforts to organize the International Raw Steel Cartel. She was especially fitted for this task because the domestic market had long been securely and closely knit into a powerful and complete raw steel syndicate. The French producers on the other hand

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were wholly unorganized—a fact that has been a serious obstacle to the full efficiency of the international body.

The International Raw Steel Cartel was formed on October 1, 1926, heralded by world acclaim. The signatures to the agreement were secured only after a prolonged struggle over the quota each country should receive. It was finally agreed that the production during the first quarter of 1926 should be the basis for the quotas. For every ton which any country produced beyond its quota there was to be a fine of four dollars per ton, while a country not filling its quota was to have a sum paid to it.

In agreeing to make the first quarter of 1926 the basis of figuring the quotas, Germany made very great concessions because at that time her production was almost fifty per cent below normal, while France was working at better than an average rate. But the Reich calculated that some sort of agreement was absolutely necessary and after the cartel was functioning the necessary modifications could be obtained. She followed once more the same tactics she had pursued in signing the Treaty and the various ultimatums to enforce that document.

The result of fixing the quotas on the 1926 basis was that Germany inevitably produced more than the quota allowed her. During the first half-year alone Germany was compelled to pay \$3,959,000 in fines or what amounted to a tax of 51.5 cents on every ton of iron produced in that country. Of that money France got \$3,415,000 or 83 cents for each ton she manufactured. Germany therefore was in fact subsidizing France in her abnormally large exports sold at cheap prices and checking Germany's own exports. In June, 1927, Germany's fine was reduced to two dollars per ton on all production exceeding her quota, while the September meeting of the Cartel cut it still further to one dollar. Naturally there was dissatisfaction in Germany over this working out of the cartel. Germany was also disappointed that the prices of export iron were not raised. But the lack of organization in France and the inflation effects hindered this important aim of the cartel. Under such circumstances it is not

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strange that the association is not too solid and rests on frail foundations. Any of seven reasons may be availed of to withdraw from the body. The Skoda Works have already stepped out.

The international cartels are nothing more than the Locarno spirit carried over into industry. In fact, we have seen that business was instrumental in hastening that pacific movement. The International Raw Steel Association was only the first and most important manifestation of the new temper. Germany had been the leader. With the two thousand domestic cartels—or pools, as they are called in the United States—she was accustomed to the idea. Not only was there a large number of internal cartels but the producers were solidly organized in all branches of German production. Ninety-eight per cent of the potash plants are organized, 96.3 per cent of the chemical industry, 93 per cent of the coal mines, 87 per cent of the electrical manufacturing, 80 per cent of the iron and steel works, 77 per cent of the insurance companies. Wood was the only industry that was organized less than 20 per cent.

Germany pressed for further international consolidations. A chemical cartel was arranged, using the production of dyes from 1924 to 1926 as a basis. The export market was divided, with Germany receiving 80 per cent and France 20 per cent. The European Rail Manufacturers Association, commonly known as the ERMA, was organized without any attempt to control production. Each month the exports are divided between the members. This is one of the most successful of the arrangements. Germany and France, the two great potash producers, soon got together but chiefly for the purpose of stopping their own competition and regulating sales in the United States. Railway agreements between various European countries, in which Germany played a prominent part, were also concluded. Europe looked at the United States and saw the wonders that a great home market could work. Locarno and the cartels were an effort to bring such a vast market into being on the continent.

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While the international consolidations were going on, Germany strained every effort to renovate her antiquated industrial plant. The war had been merciless. Production, to the exclusion of everything else, was demanded. Germany could not draw goods from the United States as the Allies did. She had to devote her every energy toward producing for herself what the world was making for her enemies. It was an unavoidable consequence of her war endeavors that she be left far behind in the industrial race. After the war she had no means to lift herself up to the level of the advanced nations. First the revolution threw her into confusion. Then all her transferable assets were sequestered by the victors. When she began to organize herself again her markets were incapable of absorbing her products, for they too had been hard hit by the war and its consequences.

The German business men, of course, were not of the caliber to sit idly by while things fell into ruin. They made efforts to rehabilitate themselves. The broad program during demobilization, which was not limited to putting the soldiers back into civil life but included the economic structure as well, was the first trial. During inflation the cheap money was used to extend and improve factories. Even the Ruhr invasion could not block the movement. But the really great program got under way only when the great American financial market opened to the German industrialists. Prodded on by the necessity of making reparation payments the Germans sought cheaper methods of production. Either the workingmen must accept an Asiatic standard of living or the plants must be thoroughly modernized.

To progressive manufacturers and commercialists the natural inclination was toward reorganization. Before the eyes of the eager German business men loomed the American example. The United States emerged from the war the most powerful and richest nation in the world. It was natural that the Germans should be curious. When the post-inflation period of high internal prices came, German manufacturers found that American

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goods were being sold more cheaply than their own despite more expensive labor. The Germans went to America to study the causes. They saw a nation highly mechanized where human labor was reduced to a minimum, where production methods had been revolutionized. Instead of the laborer going to the product along its course of manufacture the materials were brought to him on a belt. Germany was fired with a desire to convert her factories into models of the great American industries. Taylor, the father of efficiency, and Ford became the idols of Germany. Biographies of Ford were best sellers and books on his plant were popular. Articles of all kinds on American industry were frequent and were widely read. References were copious to the "American industrial wonder," and expositions on the "secret of high wages" appeared often.

The United States became the Mecca of Germans. It was no mere coincidence that more tourists visited our country from Germany than from any other nation. They were interested in every manifestation of our life. Our dense traffic, our high prosperity, our skyscrapers, our stage productions, everything American is significant. In Berlin a quick-lunch counter, under the German style of "Schnell Imbiss Stube," was established. Now a true cafeteria with American soda fountain and electric mixers along with the window production of waffles and wheat cakes has appeared. American clothes-pressing by machine, American shoe-repairing machines, American stop and go lights are only a few of the phenomena of the Americanization of Germany.

These manifestations of mechanized American life were only the outward evidences of a vast program of reorganization which has come to be known as rationalization. This term includes the ideas of modernization, combination, standardization, Taylorism, concentration in efficient plants and the shutting down of inefficient, and a host of similar factors. German industry was faced with the prospect of sinking into insignificance or of making a desperate effort to pull itself out of the mire. The latter method meant assuming huge indebtedness and facing the

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possibility of not being able to meet the payments on the loans. A courageous man could seize the only possible alternative.

Great drafts were made upon the loan market, with the result that American credits of over a billion dollars were extended to Germany in the years 1925-27. With this vast sum German industrialists resolutely faced the task of heightening productive efficiency. Machines were introduced to replace manual labor wherever possible. In the coal mines automatic loading and unloading equipment, air hammers for cutting coal, new screening and grading machines were installed. So drastic was the policy that machinery then only two or three years old was scrapped. The same program was begun in the iron and steel industry and carried through with such efficiency that German steel plants utilize every stray gas, so that at night the highly colored and picturesque scenes of flames and light are almost entirely lacking. The electrical industry was completely overhauled. Belt production was introduced into all factories where possible. Everywhere rationalization was undertaken to the degree and extent that conditions and money permitted.

Along with the machinery went a reorganization of administration and distribution. The country was marked out into convenient districts to serve its clientele to the best advantage. Thus the Rhine was made the export medium, while other regions served nearby home markets. Research staffs and bureaus were pooled and tasks distributed instead of being duplicated. Sales were reorganized and administration concentrated. The modern plants were worked at capacity while less modern factories were shut down. Cross freights were eliminated and division of labor was thoroughly utilized. In the coal mines existing shafts were often abandoned in order to work from newly planned pits.

This remarkable program, which has been the amazement of the business world, was materially furthered by the attitude of the German government. The fact that combinations in restraint of trade were not illegal as in the United States had been utilized by the German manufacturers to organize into cartels or

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pools for the purpose of stabilizing prices, production, and profits by means of monopolistic agreements to distribute market regions, not to undercut in prices, and to limit output. Before the war these associations existed in Germany to the extent of perhaps six hundred. While the war destroyed the necessity of controlling output and distribution, the advantage of having well-organized producers to deal with led the government to encourage and even force manufacturers into cartels. But the post-war difficulties of unstable markets were responsible for the cartels' losing their hold. The prerequisite of a cartel, an even market, was lacking. One type of association, however, flourished, and that was the cartel which stipulated that all advances in price necessitated by the depreciation of the currency be shifted to the consumer. This prevalent provision brought much disrepute to the associations, and the consumers initiated a movement demanding rigid control of the cartels. The result of this protest was the passage of the Cartel Law of November 2, 1923, which gave the government legal supervision over cartels, an oversight which had already been exercised unofficially. The benevolent attitude of the government has remained unchanged by this law.

While inflation conditions were wiping out the foundation of the cartels, a strong competitor in the regulation and stabilization of business conditions arose in the vertical combinations made so famous by the spectacular maneuvers of Stinnes. Cartels were exclusively limited to businesses of the same character, while the vertical combinations engineered during the inflation worked on the contrary principle of bringing into one fold every angle of production. Their primary impulse lay in the fact that Germany had lost largely of her source of raw materials. Industries therefore eagerly sought connection with the sources of supplies. With the money that was paid them for the confiscation of their plants in Alsace-Lorraine the industrialists purchased control of allied plants. The movement, however, went beyond all the bounds of necessity, until newspapers, hotels, steamship

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lines, oil companies, banks were connected with coal and iron.

Since all the machinations had been managed on borrowed money, the vertical concerns mostly got into difficulty during the stabilization of the currency. Once more the cartels were in the ascendancy and today their extensive control of the markets indicates that Germany is again on a stable industrial footing. But another form of enterprise is challenging the cartel. Trusts created in the image of their American prototype have invaded the field. The mighty United Steel Trust and the astonishing I. G. Dye Trust are two prominent examples of this form of undertaking.

Appreciating the benefits of the cartel idea in keeping the business and manufacturing world on a level keel instead of rocking it by the strife of industrial warfare to the knife between the mighty and the weak, the modern and the antiquated, the central authorities watched benevolently over the cartel movement. The possibility of strong plants purchasing small undertakings to secure their quota and concentrate production in modern factories was recognized. The Tax Reduction Law was passed, lifting the very heavy tax on stock transfers, and thus permitting the steel and dye trusts to organize. All efforts at rationalization were furthered. The inevitable unemployment resulting from the displacement of men by machines was alleviated by a broad campaign of public improvements.

In every possible helpful way the government lent a hand. An official campaign on the lines of our standardization movement under Hoover and the Bureau of Standards was begun. In Germany the National Economic Council, which had sunk to doing odd jobs for the government, led the way. Types and styles were simplified and reduced in number. Letterheads, envelopes, screws, bolts—wherever standardization could be applied it was ruthlessly introduced.

The results of rationalization were very pronounced. The efficiency of the German coal mines, which had fallen to sixty

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per cent after the war, was raised twenty-two per cent over the pre-war figure, and that industry stands on an equal footing with the world's best. The improvement in the iron and steel industry surpassed even the coal business. Everywhere marked progress was made. General production per man stands at a twenty per cent higher level than in 1913. The process of reorganization, however, brought a very serious wave of unemployment in its train. During 1925 and 1926 the number of unemployed often passed the two million mark, without counting the part-time workers.

The industrial picture of Germany since the war, and since the inflation especially, is dominated by the portrait of the Inter-essen Gemeinschaft, generally known as the I. G. Dye Industry. This is the German octopus. While it primarily confines itself to the chemical industry, the I. G. has wide-flung tentacles which already entangle the Ruhr coal district and are reaching out in a tentative way to the steel industry. Germany has been noted for her huge dye and chemical production. Her rise in these fields began in the middle of the eighteenth century with the production of alizarin and fuchsine. The various corporations were combined into six groups by the end of the nineteenth century. These six were further reduced until in 1904 there were only two great cartels. During the war in 1916 a final amalgamation took place when the I. G. was formed. On November 28, 1925, this form of organization was replaced by a trust, known as the I. G. Dyestuff Trust.

Most of the great chemical plants were situated in the Rhine region until the great Merseburg factory was constructed during the war. The Ruhr coal region accounted for the Rhine sites, while the new war plant let itself down in the midst of the lignite fields. While the I. G. employed only 110,000 of the 340,000 chemical workers in 1927, it is nevertheless the outstanding German industry of the present day. Of the other 230,000 employees many are engaged in the coal industry, which is also a large producer of nitrates and such chemicals. The I. G., how-

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ever, is highly concentrated and has enlisted in its ranks, both in the laboratory and in the organization, some of Germany's best business men. The I. G. is far greater than Stinnes ever dreamed of being.

While the I. G. and its predecessors were originally dependent on the dye trade, the war broke the German monopoly and encouraged other nations to dye production, so that this department of the business now represents only twenty per cent of the industry's output. Where formerly Germany alone supplied the world, today we find the United States producing almost ninety-five per cent of its own consumption and other countries likewise are filling their own needs.

The war, which abruptly ended Germany's privileged position in the dye markets of the world, forced the chemical factories into new lines of activity. The Allied blockade cut the Fatherland off from the Chilean nitrates so essential to German farming and munitions. German chemists were stimulated by the nation's need to develop the production of artificial nitrates.

Progress was so fast in this field that the German Haber-Bosch process antiquated the Muscle Shoals cyanide method before ever the plant was finished. Haber and Bosch succeeded in producing ammonia from nitrogen and hydrogen by a combination of a catalyst and high pressure. A very difficult task had been accomplished which brought in its train new methods of producing saltpeter and the synthesis of cyanides and the higher alcohols.

With the Haber-Bosch process Germany has entered upon discoveries which promise to put her back in the position of the world's foremost chemist. During the Semi-Centennial Celebration of the Chemical Industry in 1927 at Frankfort disclosures were made of the present and immediate future of the industry. In the near future the German chemists expect to oxidize the higher alcohols to fatty acids and thus supply the soap industry with raw materials which will render it independent of the often foul animal substances which are now the basis of soap-making.

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The experts look forward into the near future when they will be able to furnish the essential, base products for the synthesis of rubber and gutta-percha. They expect on the basis of experiments now going on to reach the solution of the problem of making albumin from yeast, coal, and ammonium salts. When this problem is solved, mankind will be freed from dependence upon natural food products.

Probably the most sensational development of German post-war chemistry has been the production of gasoline and oil from coal. After fourteen years of research on that problem Dr. Bergius succeeded in extracting liquid fuel from coal in a manner profitable for industrial use. The process raises the heating and power value of coal many times. At the same time early figures indicate that the artificial product could be made in Germany for \$21.84, while the imported, natural gasoline costs between \$33.32 and \$45.22 when prices are low because of the overproduction in the world. When and if oil gets scarcer, even more profit is expected. Fifteen marks plus hydrogen make sixty-five marks in oil.

The first plant for industrial production was built at Merseburg to make use of the lignite or brown coal which is shoveled from the surface there. But the fuel can be made from any kind of coal except anthracite, although the quality determines the quantity of oil extracted. By using cheap coal, screening, and dust, profits are enhanced, for the coal must be ground up before the process begins anyway. The Leuna Works, the pioneer plant, was scheduled to produce twenty per cent of the German needs in 1928 and in a few years to supply the total demand, thus freeing Germany from outside sources and easing by so much the German adverse trade balance. Already, before the Leuna plant had been fairly in operation, improvements were made which permit the same installation to produce double its expected capacity of one hundred thousand tons per annum.

While the original announcement has stressed only the artificial gasoline, allied products are under experimentation. Thus

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lubricating oil made from the same coal has been used in the I. G. factory with every efficiency. The production of paraffin is going on in the laboratory.

As soon as the discovery was perfected and announced to the world, the large oil companies took immediate interest. The Shell and Standard groups competed for the rights. In the negotiations the Standard won. The basis of agreement has not been disclosed but it is probable that in return for the right to exploit the patent in the United States some concession has been made for the marketing of glycol, the German synthetic substitute for glycerin. It is also understood that the Standard Oil is experimenting with the process as a means of improving the production of gasoline from the natural oil and is in no way at present attempting to make gasoline from coal.

It is reported that "1,000 pounds of raw lignite are converted into 490 pounds of coal oil, 210 pounds of gas, and 300 pounds of tar residue. The coal oil in turn is separated by the Bergius process into 350 pounds of heavy oil, 80 pounds of heating oil, and 60 pounds of grease oil, while the heavy oil may be again split up into 150 pounds of benzine and 200 pounds of Diesel oil."

Germany today produces some 600,000 tons of nitrates from the air, an amount which is one-third more than the highest production in one year of the Chile mines. She imports practically no nitrates today and saves 180,000,000 marks for the national budget annually.

Experiments have reached the stage where public announcement has been made that artificial rubber will soon be produced on a commercial basis. Fifteen years of experimentation have been rewarded with success. The first step in the discovery was in learning how to work up old rubber. Gutta-percha's secret has been mastered along with the rubber.

A triumph for the German chemistry was the placing on the market of methanol, synthetic wood alcohol, first produced in 1924. This is manufactured from coke gases and made so

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cheaply that wood alcohol imported from Germany into the United States undersold the natural product, causing a miniature panic and a cry for adequate import tariff protection. The largest part of the world's acetic acid, a product of prime importance, is now made synthetically from coal and lime. Synthetic camphor, synthetic glycol (which is replacing glycerin in nitroglycerin), artificial resin and similar products which have taken the place of shellac, horn, leather, artificial silk and other manufactured fibers have given Germany first place in the international chemical markets with twenty-three per cent of the sales-products.

The original dyestuffs, indigo and alizarin, have been long forced into the background by the aniline dyes, of which there are now over two thousand varieties and colors in use. The drug production which has always been prominent in Germany, where salvarsan was invented, still remains an important department of the chemical production. The most interesting development in that branch has been Bayer 205, a white powder which overcomes the dread African sleeping-sickness. The discoverers of this useful drug have refused to disclose its secret but have offered to make it a public formula if Germany is given back one of her African colonies.

Germany's future in the chemical trade lies in her pioneering work, as displayed in the development of synthetic gasoline and rubber. When these discoveries have been perfected, German chemistry will enter into a prosperous period. The great importance this branch of German industry has today will be completely dwarfed when that time arrives. The war reduced Germany from 24 per cent of the world's production of chemicals to 17 per cent, although the value of her exports was 910,000,000 marks in 1913 and had risen to 1,020,000,000 in 1926. Chemical products with three billion marks in 1927 amount to one-seventh to one-eighth of all German industrial production.

A noteworthy chapter in Germany's economic rehabilitation is the shipping trade. When the war broke out Germany had a

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mercantile fleet of 5,460,000 tons. The Peace Treaty took away all but 600,000 tons, leaving her only the tiniest and least serviceable boats, all under 1,600 tons. To rebuild the merchant fleet was a national concern and a governmental loan of 700,000,000 marks at low interest was granted to the shipping companies. The law provided that ninety per cent of the loan must be used for construction in Germany, while only ten per cent could be used to purchase or charter boats. Loans were also made at low rates to the shipyards, permitting them to build at low prices. From year to year the tonnage grew. In 1921 the fleet stood at 717,000 tons, in 1922 at 1,887,000, in 1925 at 3,073,000, in 1927 at 3,363,000, and today it exceeds 3,500,000 tons. Germany enjoys an advantage over other nations in that she has the highest percentage of modern ships. Sixteen and one-half per cent of the world's shipping is less than five years old, while forty per cent of Germany's is under five years of age. Today the German ships ply the same routes that they did before the war, covering every one of the seven seas.

The post-war difficulties compelled the two great German rivals, the Hamburg-American Line and the North German Lloyd, to lay aside their enmity. They even had joint offices in parts of the world. Amity continued until about 1925, when the Hamburg-American Company suddenly purchased the Austral Line and Cosmos Company without consulting the Lloyd. This accession of strength disturbed the equilibrium between the two great contenders and destroyed the possibility of a pooling arrangement that had been discussed. Since that time events have favored first one line and then the other, but the advantages of understanding over ruthless competition are so apparent that it is expected that some form of coöperation will be agreed upon.

Coal mining, a German key industry, has undergone a great reorganization which resulted in 1927 in the production of 153,597,600 tons in the Ruhr by 407,576 men, as compared with 140,753,158 tons in 1913 by 420,300 men. This increased efficiency was preceded by the "negative" rationalization of 1925

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and 1926, when many mines were shut down because they were less economical than others. But at present a marked expansion and concentration is going on in preparation for the struggle for the new quotas which the coal syndicate will assign to the various producers in 1930. This fight and the desire to keep export markets won from England during her great strike have brought the coal industry to a period of profitless prosperity.

The German coal industry is already closely tied up with the steel industry, for many of the shafts are the property of various steel plants. Profits are also dependent upon the price of by-products from the manufacture of coke. The various methods of "kohlenveredelung" (ennobling of coal), such as coking, use of gas, production of gasoline, are used to make the coal more valuable and the business more profitable. The latest project is the long-distance piping of gas. By this means the Ruhr mines with their coke ovens hope to extend the radius of their influence and sales. Since the coal companies rely more and more upon the profits from the utilization of coal, the coke ovens, which are a vitally important part of the rationalization efforts in the mines and of the program to bring Germany back to industrial prosperity, must find a market for their surplus gas. This necessity conflicts with interest of the local gas works producing the supply of gas for community use. The local gas plants could continue as distributing agencies, but a great part would become a dead investment. The present plans call for pipe lines to southern Germany, principally, but a contract has also been concluded to furnish the city of Hanover on the east with gas. This is a beginning in the ultimate aim to furnish gas to the large northern cities like Berlin, Hamburg, and Bremen with their millions of population.

The opposition of vested interests is very strong but the economies of the plan are or will be dominant. It is cheaper to send gas by pipe than coal by rail, although the railway lines look with disfavor upon the proposal since two-thirds of the 700,000 freight cars in Germany serve the coal transportation

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service. The railway lines have consented to the crossing of their rights of way by the pipe lines only after settlements on a substantial cash basis. The economy of transportation and the possibility of using the by-products which are so valuable to the chemical industry make it very likely that the project will come to be a growing fact.

It is interesting to note that not only does the total bituminous coal production exceed the 1913 production by 13,000,000 tons but the brown coal or lignite output almost doubled from 87,228,070 tons in 1913 to 150,805,711 tons in 1927. Eleven tons of brown coal furnish the fuel value of two tons of coal. Germany's fuel production and consumption far surpass the pre-war figures. The proximity of Hamburg to England made that port a natural market for the British coal. In 1913 of 9,209,543 tons of coal imported into Germany 5,768,000 tons were used in Hamburg and vicinity. In 1927 only 3,267,000 tons were brought over from England and 2,982,945 tons were consumed in Hamburg. The Ruhr coal has been driving British coal out of its former province, but only at a loss to the Ruhr operators.

The steel business has advanced itself perhaps even farther on the road of efficiency than coal mining. An investment of \$200,000,000 has been made in rationalization and reorganization. Krupp turned the sword into the plowshare. The amount spent in all German industry is some \$2,350,000,000, which was raised by issuing \$950,000,000 of new shares, \$600,000,000 in domestic loans and \$800,000,000 of foreign loans. The \$200,000,000 spent in the steel industry is not the final amount needed, and much more must be expended to complete the task.

The outstanding fact in the iron and steel trade is the abnormally small amount of Lorraine ore used. Even before the war the tendency to use Swedish ores was observed. The ore is purer and gives the furnaces a greater daily output with less coke. Lorraine, however, inevitably remains the Ruhr's natural source for iron. After the war Germany concluded contracts with the Swedish mines for large deliveries. This ore was sup-

plemented by purchases in Spain, North Africa, and Canada. Today, however, the natural Ruhr-Lorraine exchange has begun again. Another feature of the post-war steel business is the increased use of scrap iron, probably resulting from the war salvage. In 1913 the ratio of scrap to ore was 30:70. Now it is 50:50. Vertical concentrations continue as they did before the war, as illustrated by the great trustification of the United Steel Works which consolidated three-quarters of the industry, a parallel to our own United States Steel Company.

On every hand the modernization of plant and equipment has been carried on. The railways standardized their types and parts. The size of freight cars has been enlarged so that they can carry today thirty-six per cent more freight than before the war. Air brakes have been installed at a cost of 300,000,000 marks, but so economical have they been that the entire cost was paid back by 1928. Their use saved 130,000,000 marks a year, of which 100,000,000 marks was in coal. These expenditures and the larger demands of the Dawes Plan have deprived the lines of working capital. The policy of limiting foreign loans has brought the railway system to demand an increase in both freight and passenger rates. A further saving was proposed by abolishing the old four-class passenger service and replacing it by two classes, to be called respectively upholstered and hard. Rationalization was rewarded with nineteen per cent more passenger and four per cent more freight traffic than in the years before the war.

The electrical industry of Germany is another outstanding example of thoroughly modernized production. The A.E.G. (the German General Electric) and Siemens-Schückert, two concerns with a world reputation, have reorganized their factories so that they can compete with the best anywhere. The A.E.G. has a patent agreement with the American General Electric whereby developments and patents are traded with each other. Although the automobile has made great strides toward modern production, that industry is in difficulty because of the sharpened

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competition that the mass production of the United States provides.

The difficulty of the automobile trade is the hardship of all German industry in general. Billions have been spent on bringing up the factories to the American standard but now it is discovered that there is more to the American development than mere revolution of processes. The great American internal market, which gives the American manufacturer the greatest noncompetitive market in the world, fails Germany. Europe, which if it were united into one great trade area would offer European producers a boundless outlet, is cut up into restricted tariff regions. So the effort in Germany and in other advanced industrial countries of the Continent is toward greater and greater unity within Europe. The Economic Conference of the League of Nations was merely an effort toward this end. The conference quite naturally recommended lower tariff barriers. Germany is an enthusiastic proponent of low duties. With the international markets tightened by sharper competition and by high tariffs Germany's exports, upon which the future of reparations depends, have made slow progress. The total exports were valued in 1925 at 8,798,000,000 marks, in 1926 at 9,783,000,000, and in 1927 at 10,219,000,000. The last figure is higher than the 1913 one of 10,097,000,000 but when the increased prices of 1927 are taken into consideration the exports amount to less than before the war. But the promising sign is the fact that the total rises each year.

The National Economic Council, which was hailed in certain political science circles as an innovation and the promise of a new departure in the world, has fallen by the wayside. It was indeed what was pointed out at the time, only a sop to laboring sentiment. The regularly constituted political parties were determined to rid the country of the soviets or councils, and when the dying wriggle of the proponents of the class dictatorship lashed itself into riot and incipient revolt they made the gesture of the Economic Council. From its inception the political parlia-

ment was zealous to prevent the new economic parliament from becoming a rival in any sense. As time rolled on, the oblivion to which the council was banned became ever more embracing.

Not only was the National Economic Council doomed from its conception, but it was brought ill formed into the world. It was originally intended to have about one hundred members, but the demands of the various economic fields of the nation for larger representation swelled its size to 326. Stripped of every power but barren deliberation and sterile recommendation, the body lost the public interest and almost died. In 1921 there were twenty-three plenary meetings, in the following year sixteen, and in 1923 only eight. Since June, 1923, there has not been a single plenary assembly. The Council found a better way to conduct its business than the Constitution had provided. Three important committees, those on finance, social and political affairs, meet fairly regularly. This arrangement virtually cuts the membership to the original one hundred. The other special committees meet only when necessary.

The degradation to which the Council has sunk is well illustrated by the fact that the parliament or cabinet calls upon it for a report on a desired phase of the economic life of the country. The Economic Council has become only a handmaiden for the political parliament. Naturally under such circumstances projects for reform are discussed. Most of them agree in reducing the membership to somewhere near the hundred first desired. Other plans would increase its power by giving the Council power to bring its bills into the Reichstag without the intermediation of the cabinet. Since the Constitution specifies that the Council shall be part of the system of local councils, a wide reform must precede the particular reconstruction. The branching system of councils has never been enacted, and therefore the Economic Council must remain a provisional and not constitutional body. While reforms are planned, the utility of the Council rests in its investigations of a committee type.

CHAPTER XVII

SOCIALIZATION AND LABOR REFORM

THE council idea, which had been cherished by the lower strata of society as assigning them a more dignified and just share in the national economic and political life, died with the elections for the National Assembly. The National Economic Council was only a very wan and inert ghost of the original principle. And then the ghost wearily and dejectedly turned itself into a hidden prompter for the Reichstag.

The dissolution of the councils did not, however, mean that all revolutionary influence of the workers dissipated with it. The laboring class achieved a very solid gain in another direction, in a quarter where it expected only tares and thistles. Immediately upon the overthrow of the old régime improved conditions were won by the workers and the betterment continued even after the councils had been dealt their death blow.

Before the war the working classes had had two protectors: the trade unions guarded their working interests; the Social Democratic Party watched over their political interests. In addition to the trade unions affiliated with the Social Democrats there were the Christian Trade Unions organized by the Catholics and the Hirsch-Duncker Unions for Protestants who did not believe in socialism.

During the war the political balance shifted toward the workers. Business and industry were put under governmental supervision, while the unions were publicly recognized and fitted into the governmental program for conducting the struggle. The longer the war drew out, the more the authorities took over control of production and distribution. On July 12, 1915, the

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coal industry was divested of its private character and frankly made a public institution. The whole structure was combined into a Coal Council of sixty members, composed equally of owners, workers, and consumers. The Council had complete control of the industry. It had power to fix prices, to determine export and import quotas, and even to regulate unfair competition.

The tripartite composition of the Coal Council was a visible demonstration of the strength that the war had brought to the workers. The war was a democratic wave and was recognized as such by many political leaders in Germany. The workers who constituted the rank and file of the army found a counterbalance for their subordination on the fields of battle in the demand for dignity at home, in shop and factory.

One of the first effects of the revolution was to increase the prestige and numbers of the unions. In October, 1918, there were 1,648,313 members enrolled in the Socialist unions. In December of that year the number had risen to 2,858,053, while one year later it stood at 7,000,000. At Nuremberg in June, 1919, the Socialist unions met and united into one great organization, the Allgemeine Deutsche Gewerkschafts-Bund, known usually by the initials A.D.G.B., or the German Federation of Labor. In October, 1918, the Federation of Christian Trade Unions, the Catholic body, was organized. The Hirsch-Duncker Unions, the Protestant group, affiliated with the Democratic Party. By far the largest of these three leading federations is the A.D.G.B.

The unions, battle-scarred veterans in the labor struggle of the last four decades, were closely allied with the Social Democratic Party and like the leaders of that party were inclined to be moderate. Legien said on February 1, 1919, at a leaders' conference that the soviets were not in a position to help the workers. All through the controversy between the Social Democrats on the one hand and the Independents, allied with the Spartacus Group on the other, the unions were generally found on the side of the Social Democrats. The aid the unions lent to

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Ebert and his associates accounts in a large measure for the success in defeating the Independents and Spartacists.

The sudden accession of millions into the unions almost upset the well-tried organization of those bodies. The new members were inexperienced in unionist affairs and unable to form proper judgments on the disturbed conditions then prevailing. A conflict ensued between the Bolsheviks and the old leaders for control. At first the radicals attempted to wreck the unions from the outside, and when this failed they sought to work from the inside. They formed their own groups within the unions, drawing most of their material from the new men. The unions were generally tolerant of the newcomers in spite of such subversive efforts, although in some quarters they received very hostile treatment. Since 1924, however, all unions have demanded that Communists agree not to take directions on union affairs from outside sources. Like the Spartacus movement in Berlin and in other industrial centers, the Communists had only local successes in their fight for union control. They never secured supremacy in a single large union.

The Revolution brought immediately the greatest advance in the labor movement. When the sudden catastrophal turn of the war came the owners and employers realized that they must make concessions to the employees and workers. They initiated negotiations with the unions during October, 1918, and on November 15, 1918, less than a week after the revolution broke out, the Socialist, the Christian, and the Hirsch-Duncker unions and the united employers' associations arranged the working conditions according to the situation reigning in each industry. The eight-hour day was provided.

This was the beginning of the recognition of collective agreements. The November 15th agreement was only private, but the compact was legalized by an ordinance of the People's Commissioners on December 23, 1918, providing that all shops employing over fifty men must have an elected council to guard the terms of the collective agreement in that industry. Furthermore,

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the agreement when signed was no longer a private contract but became a part of the law of the nation and was enforceable as such. Another decree on October 30, 1922, declared that to be binding a collective agreement must be made by proper parties. These parties could be any employer and any of the workers' organizations. Copies of the agreement must be delivered to the Federal Labor Office, the district employment office, and other administrative bureaus.

The compact of November 15th between the unions and the employers first took up the question of arbitration, a principle which had been broached in the National Service Law of 1916. Under this provision many appeals were made to arbitration, but since a court of law alone could make the award effective this clause was found to be ineffective. A decree of September 3, 1919, gave the Minister of Labor the right to declare the collective agreement arranged by a conciliation committee binding. On October 30, 1923, a law enacted that the arbitration decisions were to be binding. The labor courts established under this act on January 1, 1924, do have a real power which they can enforce, although a decision can be appealed to a law court; but until a decree of a court the arbitral award is binding.

The gaining of the employers' consent to collective agreements containing the wide provisions for arbitration and eight-hour day was in line with the feeling abroad in the world after the war that inequalities had assumed too sharp a contrast, and that the gradations must be toned down. The workers demanded a greater interest in the industries where they worked. An even greater right was secured on March 15, 1919, when the coal industry agreed to grant the employees rights in the hire and discharge of workmen. Further agreements, containing this clause, followed in other industries and factories.

The great strides made by the labor movement were almost all registered under some provision of the Demobilization Law of November 12, 1918. The revolutionary sentiment prevalent among the workers was the reason why the labor laws were the

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most radical measures of the whole revolution. The fear of anarchy forced one new measure after another from a reluctant government. The times were unstable. The legislative assemblies of the new period were inexperienced, cumbersome, and slow. Swayed by passion and not by reason, they were unfit to enact the legislation necessary to get a collapsed nation back on its feet. The extraordinary times brought extraordinary methods of securing laws. A general framework of principles was passed and the right given to some body to enact ordinances to put the general clauses into execution. This method eliminated the harranguing legislature and political agitation.

The Demobilization Law was such a sketchy enactment which entrusted most of its power to a demobilization council, which was formed on November 23, 1918. This council in turn delivered much of its power to local bodies. Under the blanket powers of the Demobilization Act most of the wide-going changes in labor's status were accomplished.

The eight-hour day was promised on November 12th for not later than January 1, 1919. Through decrees leaning upon the Demobilization Law the workers were first accorded an eight-hour working day on November 23, 1918. On January 24, 1919, farm workers were put on the basis of eight hours per day for four months, ten hours for four months, and eleven for the remaining four months. The closing hour of seven P. M. on week days for all shops and Sunday closing were under the authority of the same law.

The eight-hour day did not have the whole-hearted approval of the employers; they had indeed consented to it in some of the collective agreements, but only because they wished to avoid trouble. When the Revolution had spent itself and the mark began to fall during the summer of 1920 they started a campaign for longer hours. The workers, however, were still too strong to be trifled with. The owners, nevertheless, continued their fight. A sharp blow was struck by Stinnes on November 9, 1922, when he made a determined plea before the National

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Economic Council for longer hours. He declared that every German must work two hours extra without pay for ten or fifteen years, if Germany was ever to recover her lost ground. The entrepreneurs, however, had little success until 1923, when the Ruhr invasion and the great inflation thoroughly weakened the workers. The eight-hour day had been extended from time to time by decrees but on November 17, 1923, the last extension expired. On December 21, 1923, the government, which had received a generous Special Powers Law giving it practically dictatorial powers, decreed the eight-hour day into effect again from January 1st. Since that time the eight-hour day has remained law.

Labor also received unemployment insurance or doles under a decree authorized by the Demobilization Act. The first enactments on this subject were made on November 13, 1918, and after various modifications the insurance was fixed on November 1, 1921. The communities were made responsible for this labor assistance. Another decree of January 4, 1919, compelled firms and individuals to take back discharged soldiers who had worked for them before joining the colors. On November 8, 1920, a decree ordered any plant or industry which contemplated shutting down to notify the government before such a step was taken. All these enactments of the People's Commissioners which marked a wide departure from pre-war legislation were legalized by the transition law of March 4, 1919, passed by the Weimar National Assembly.

While the ameliorative measures outlined above were received as necessary steps in securing economic justice, it was through socialization that the workingman expected to attain the great goal. A committee on socialization was appointed in the middle of December, 1918. On January 18, 1919, while this body was discussing the assignment before it, the government issued an ordinance ordering representatives for each mining district and the election of mining councils by the miners. The committee decided by its majority report that the time was not

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ripe for socialization. Germany was a defeated country with exhausted resources and could ill afford to undergo the disorganization in the current production that socialization would entail.

The committee disbanded and the government let things go as they were until the Spartacus Week in March, 1919, showed how deeply the working classes were concerned in the shibboleths of socialization. The committee was hastily reconvened but prominent industrialists and business men were appointed to it also. It was a very able group but one which did not approach the subject intent upon finding means of effecting the principle of socialization, which it had already taken for granted. Its members were rather men who were skeptical but willing to give the minimum support to a theory which the public clamored for.

The government quickly introduced a socialization law into the Weimar Assembly, which passed it on the third reading on March 13, 1919. The President signed it on March 23rd. This law, changed so that the word "socialization" does not appear, was incorporated into the Constitution as Article 156.

The first step taken under the Socialization Law was to revise the coal industry. This was done under Article 2 of that law and was passed as the Coal Law on the same day as its enabling act. Potash was the next industry to be taken over by the law of April 24, 1919. Both the coal and potash laws leave the details of execution to be attended to by ordinances which avoided the discussions of a disunited and overworked assembly. The ordinance putting the potash law into effect came out on July 18, 1919, while the coal decree was issued on August 21st of the same year. The iron industry, sulphuric ammonia, and tar were also nationalized under the Socialization Law on April 1, 1920, May 31, and July 7, 1920, respectively. They were not truly socialized as coal and potash were. After May, 1920, the socialization program came to an end because Germany was from then on occupied in fulfilling the Peace Treaty.

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The form that the socialization of these industries took relates back to the conduct of the government during the war. The business men were thoroughly tired of the bureaucratic interference and supervision exercised during the war. They wanted to be free of reports, papers, investigators. First steps out of this imbroglio were taken during the war. The coal industry had been organized into a coal council of sixty members, composed equally of workers, consumers, and owners. This council had complete mastery of the trade.

The new coal socialization took over the National Coal Association, freed it from the coal syndicate, and turned it into a public institution. All important producers were grouped into a syndicate interested in the welfare of the mines. The owners continued the management of their properties with great independence. The price of the product was, however, put under the supervision of the National Coal Council, whose price was the maximum price that could be legally taken.

The reorganization of the iron industry was modeled partly upon that of the coal business. The iron firms were not compelled to syndicate as the coal and potash enterprises were. A certain part of the iron production had to be set aside for internal consumption. The tar and ammonia industries were not truly socialized because no maximum price could be fixed, although a part of their production had to be set free for home use.

The price policy became very important in Germany when the inflation began. To protect the nation from squandering its wealth to foreign purchasers for ridiculously low sums, the Minister of Economics was given the right on December 20, 1919, to forbid any exports he deemed wise. He supervised both the export and the import of goods and materials. Prices varied. South American buyers paid often fifty times the price that Austrians paid for the same article and five hundred times the German price. Circumstances altered the prices. When the German producers began to boost their prices the government even went

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over to the seizure of goods in order to secure them for home use.

The Spartacus Week in March, 1919, started a whole series of laws calculated to pacify the working people. The National Economic Council and a deliquescence of local councils were established at least in principle in the Constitution. The carrying of the program into execution was slow. Beyond the temporary Economic Council founded by decree nothing was done until August, 1919, when the first draft of a works council law was introduced into the Weimar Assembly. Between August and January, 1920, the committee encharged with the bill met twenty-nine times. The demands of the extreme left and the ultra-right were so conflicting that the course of the bill was very stormy. The views of the less violent partisans diverged so greatly that agreement seemed impossible. The employers were greatly alarmed and indignantly repudiated the restriction upon their authority over their property. The laboring element was just as fearful that its interests would be sacrificed. In the effort to compromise the fundamental fears of the opposing interests the governmental coalition was several times almost wrecked.

A basic compromise was agreed upon whereby the workers were given rights over the discharge of workmen. To balance this right they had to surrender their demand for a part in the hiring of workers. While the owners may not exclude an applicant because of his religious or political views, and while the works council may hear evidence on these matters, the final word always rests now with the employer when a man is to be engaged. The workers lost the compromise on the question of a share of the management of industry when the clause compelling the management to furnish the council with a financial statement failed of passage. A further claim to be represented in the management was contained in the compromise which permitted the workers to have representatives on the board of directors of a company. This also had to be dropped.

Feeling ran high over the terms of the Works Council Law.

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Employers were determined not to have their rights confiscated; employees were determined to assert their new-won rights. The passions were so strong that on the occasion of the second reading in the Reichstag, on January 13, 1920, a mob of one hundred thousand organized by the Independent Socialists attempted to storm the legislature. The police who guarded the building resorted to arms and killed 42 and wounded 105 of the attackers. The bill passed its third reading on January 18, 1920, and on the 4th of February President Ebert signed the bill.

The law provides that every business, industry, store, or other place of employment where twenty or more men work shall have an elected council. Plants hiring from twenty to forty-nine workers shall have a works council of three members. The largest council is composed of thirty members and is ordered in plants employing fifteen thousand or more workers. In places employing from five to nineteen people one shop steward must be elected in place of a council. The law applies to office or factory indifferently except that river and sea transportation are not included because those sailors have no permanent residence. Dock and harbor workers are, however, included because they have a permanent domicile. All employees over twenty-four years of age who have worked in the particular trade for three years and in the particular plant six months are eligible for election to the works council.

There are really three kinds of representation: a laborers' council, an employees' council, and the two combined. A general assembly of the two councils can be called by the chairman of the works council, by one-fourth of the employees, or by the owners. The employers cannot, however, be compelled to attend, so that a valuable means of attaining contact between employer and employee is lost. Many have refused to be present at such assemblies unless they are given the chairmanship of the meeting. The courts have ruled that they need not appear unless they wish.

A source of trouble in the operation of the Works Council

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Law was the drawing up of the factory agreements. The men were sensitive to the terms of these regulations and great difficulty was experienced in settling the fines to be imposed on workers and in arranging for searching for stolen goods at factory gates. The question of the hire and discharge also brought up differences difficult to compose. In general, where the unions were strong and backed up the works council the men were successful.

The works council had as its first duty to look after the terms of the collective agreements. It protected the workers against unjust discharge and to a slight degree assured equal opportunity in receiving employment. It even was to assist the management by making suggestions for the better carrying on of the industry. Beyond its narrow class responsibilities it was charged with the duty of looking after the public interest. But since it was denied the right to examine into the profits of the concern this charge is a hollow one: it cannot establish whether the public is faring justly or not.

Several additions were tacked onto the law by later legislative enactments. On February 5, 1921, the Balance Sheet Law was passed which gave the works councils the right to receive a balance sheet, such as is annually prepared for public distribution by most corporations. One year later on February 1, 1922, a law gave the works council the privilege of sending one or two delegates to meetings of the board of directors. This right was hedged by the command to keep secret all facts learned at such meetings. While the two former acts were gains for labor, on October 15, 1923, during the great political reaction of the Ruhr invasion and the inflation, the works councils' rights in discharge were taken away.

The works councils, which this law established as a sop to labor awakening, trace their history back to the shop committees which had existed before the war. The outbreak of the revolution brought the workers' and soldiers' councils and an increase of dignity to the working classes. During the first rush of the

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revolution these workers' and soldiers' councils played the important rôle that has been described in the earlier chapters of this book. When the political wave that followed the collapse began to subside, the workers' and soldiers' councils were shoved into the background and councils of the type of the pre-war shop committees, only with enlarged spheres and with a deeper and broader social background, came to the fore. These were the works councils.

One of the difficult questions in framing the Works Council Law was to define the relation of the unions to the new labor organizations. The law as passed provided that the unions should have representation in the council sessions. The division of authority between the unions and works councils was broadly made so that the councils were to look after laboring interests inside the factory and the unions outside. Thus the councils guard the wage records of the collective agreement relating to any particular trade and the unions conduct the negotiations which bring the agreement into existence.

A struggle, nevertheless, ensued between the councils and the unions. The leaders of the new bodies sought to gain control of the whole laboring movement; the union leaders resisted the attempt. The differences and the cry of all power to the works council, which had been transferred from Liebknecht's more universal demand, led the officials of the unions to call a Congress of Works Councils in Berlin for October 5-7, 1920. Here the majority vote of the congress showed the unionists to be in favor of the councils. As a result of this congress the unions have been stanch upholders of the works councils. The meeting was, however, a distinct victory for the socialists. The friction between the works councils and the unions continues, but in a less acute form.

The results of the Works Council Law have been neither so drastic nor so sinister as was feared and direfully predicted. The old autocratic conduct of factories is gone, but the owners after their first storm of opposition in 1920 when the law was

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new have accepted the organizations and even begun to find that they are quite useful bodies. The workers, who were disappointed in the moderation of the terms of the law, have come to realize that the measure represents the greatest laboring progress the whole revolution brought them.

But with the greatly enhanced dignity and more intimate rights in the industry has come also great responsibility. Before the war the men could strike when conditions did not suit them. But today they have collective agreements representing the results of negotiations between two parties who have weighed delicate and intricate facts. The workers must defend their position on economic facts or the government arbiter will refuse their demands. The need for understanding more than swaying their comrades by passionate appeals has led to the foundation of schools where union leaders may acquire the knowledge to meet the employer on his own ground. Evening classes, correspondence courses have become common. The University of Frankfurt has even established an Academy of Labor where unionists can study the materials necessary for their career.

That the labor movement has not sunk into apathy has been most clearly emphasized by the sweeping victory of the Social Democrats and Communists in the parliamentary elections of May, 1928. The Socialists for the first time since their resignation from the cabinet of Stresemann in 1923 again take their rightful place in the administration of the government. And this time they dominate the political life of the country almost as completely as they did during the Weimar Assembly.

CHAPTER XVIII

REVISING THE TREATY

THE WAR GUILT

MOST open-minded people today agree on the necessity of a revision of the Treaty of Versailles but part on the particular clauses to be overhauled. General unanimity prevails over the untenability of Article 231, which posits Germany's sole guilt for the war. Almost equally convincing is the case of Tirol. But reparations, colonies, Alsace-Lorraine, Malmedy and Eupen, Danzig and the corridor produce violent division of opinion.

In Germany too everyone is not agreed on the articles which should be revised, for difference of thought exists on the desirability of having colonies or increasing the army and reintroducing conscription. The Socialists have recently estranged themselves from the attempts to lay the war guilt because they feel that many of those efforts are merely pretenses to whitewash the old, imperial régime and not endeavors to ascertain facts only. But they no less than the others deny any special guilt on Germany's part. These are almost the only differences in Germany.

There is a rankling sense of injustice bound up with the war guilt, for the Germans cannot forget the branding that the charge of uncivilized conduct of the war gave them. They look at each other and ask a foreigner if they or their brothers or their fathers could be guilty of the savagery that was credulously believed during the war. They hail with profound joy any public retraction coming from the Allies. During the winter of 1926 the public refutation by an English author of the story about a corpse factory which reduced human bodies to glycerins and fats was received as a great, diplomatic event.

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The campaign to restore Germany's good name began a few days after the Treaty was signed with the suggestion of an attaché, Freytag, of the Foreign Office that a moral counter offensive be initiated by opening the German archives. The plan was adopted by the Socialist interregnum, while the National Assembly created a special committee to make a thorough study of the causes of the war. Each Reichstag has continued this committee, which has now published fifty-eight volumes, containing all the pertinent material on German diplomacy preceding the war. This ruthless publication revealed nothing damaging to Germany's position in international morality, and now convinced Germanophobes have declared that the injurious material will be found in the military archives. The recommendation for their publication has already been made by members of the Parliamentary Investigating Committee, and in all probability that work will follow soon. Instead of furnishing Germany's enemies with evidence, the publication has put Germany in the enviable position of daring other countries to follow her bold step. England and Italy after long hesitation ordered her example followed. France, much to her confusion, remained silent until March, 1928, when at last the state archives were opened to a selected committee.

While the government hastened to open the so-called moral counter drive after Versailles, private enterprise has been no whit less busy. A monthly magazine, *Die Kriegsschuldfrage* (The War Guilt Question) is devoted entirely to a current exposition of the status of the now discredited theory, which most impartial historians no longer hold.

Germany is alert to open the question of responsibility for the war or of the conduct of the war. This was shown in the quick response to Belgium's offer to investigate the guerrilla warfare in that country during the war. Germany has always maintained that every burning of a town was only a justified war-time, retaliatory measure, and that the Belgians were prone to fire upon German soldiers from ambush. At least, she feels so

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sure that inquiry will reveal the propriety of her actions that she grasped the opportunity for an investigation with alacrity. Belgium, influenced by France's fear that to open that question would lead to a general undermining of the Treaty, withdrew from the matter as diplomatically as possible.

Germany proposed to unroll the whole question at Locarno but was prevailed upon by the British not to bring up such a contentious subject. But some day Germany will defiantly throw the load at the feet of the Allies and refuse to carry it any longer. It is quite likely that by that time the world will silently acquiesce. One thing, however, holds back the victors in admitting that the war was the result of a general European condition and not a special conspiracy. In the last analysis the entire reparations clauses rest upon Germany's blame for the war. If that hypothesis is dropped, the whole fabric of reconstruction and reparations rots away.

DISARMAMENT

With the German army reduced to 100,000 and her former allies possessing only 87,000, France's army of 1,385,000 need fear no aggression. But Germany is not content to rest supinely on the reservation that is marked out for her as a dangerous Indian tribe. She now calls attention to Article VIII of the League and the Preamble to Part V of the military, naval, and aerial clauses of the Treaty. There we read that Germany was to be disarmed "in order to render possible the initiation of a general limitation of the armaments of all nations." Article VIII says that "the Members of the League recognize that the maintenance of peace requires the reduction of national armaments . . ." An insistent campaign is being conducted. Bernstorff and Stresemann have eloquently called the attention of the League to the matter.

And it is a matter of justice and common sense. As long as Germany is a great and populous nation it is absurd to expect her to be disarmed and at the mercy of her neighbors. Allied

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statesmen and generals have voiced this sentiment too. Influential journals have given vent to the anomaly. Either England and France must submit to the control of the League as Germany does or they must permit the latter to approximate her defense forces to theirs. Article 164 of the Treaty expressly gives the Council of the League by majority vote the right to authorize an increase in the German forces. This problem will undoubtedly become more and more pressing in the future, and there seems to be only one solution, since the other nations are unwilling to reduce their own armaments. And the imminent decision of Germany, which so far is only talk, to accredit military attachés to the leading European capitals is a step in the process. German officers have been invited to inspect the summer training camps in the United States and the royal aërial forces at the flying field at Hendon, England.

When the Allies are finally willing to concede Germany equality in military affairs, the struggle will take an acute form in Germany. It is hardly conceivable that the Social Democrats, who always bitterly opposed conscription and army life, will consent to a reintroduction of the old system. The freedom of the present condition and the economy of it will prevent a renewal of the old militarism. But with military limitations removed Germany might conduct experiments more extensively than now, for even the Treaty cannot stop brains from working.

MILITARY CONTROL

After Germany had reduced her army to the required proportions and destroyed the military works at Heligoland and in the rest of Germany, the people demanded the withdrawal of the military commissions. They jarred the sovereignty of the Germans. Basing her action on having fulfilled her treaty obligations, Germany requested the removal of the commissions; but manifold excuses were offered in denying the petition. Among these were the warlike character of the police, the secret organizations. The popular demand, however, continued.

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Finally after the tension was eased and mutual good will replaced suspicion at Locarno, a consideration was given to the question. After long and difficult negotiations it was agreed at Geneva on December 12, 1926, that the military control should end on January 31, 1927. Thereafter under Article 213 of the Treaty the League was to supervise Germany's military situation. Foch, the chief Allied negotiator, was satisfied now that the subject of illegal training was of no importance. A few recruits had been taken in over the 100,000 permitted, and a few may have been dismissed after a short training on the ground of sickness, but these cases were too rare to be important. It was agreed that the police forces in the whole country should be limited to 140,000 men, of whom 105,000 should be state forces, while 35,000 should be city police. As regards the military training of the patriotic orders, the Allies expressed their confidence that Germany would take all steps necessary to restrain them in the future. This required no great recklessness, since the danger to the external world from these patriots was insignificant.

A greater difficulty to solve was the war materials question. Agreements were finally reached on the manufacture of ship engines, bullets, semi-finished articles, and optical goods. Germany was suspicious that her commercial competitors were trying to stifle her industrial development more than limit her armaments. Everything however was adjusted. The Allied press had raised a hue and cry about some very mysterious subterranean constructions on the eastern frontier. A system of what was apparently concrete trenches or dugouts, each one large enough to hold eight men, had been constructed. Their stationary character obviously limited them to defense only. Eighty-eight had been constructed. It was finally agreed that in a very rigidly defined area fifty-four should be permitted to remain in the condition they were then in, while the remaining thirty-four were to be destroyed. After everything had been established to the satisfaction of Foch, Germany was given a receipt on February

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1, 1927, to the effect that all the terms of the Peace Treaty had been fulfilled.

The Inter-Allied Control Commissions were withdrawn and the League of Nations became the official guardian. Germany was much relieved. Her self-respect was gaining. The foreign snoopers were gone—and with them a very heavy expense. Germany had had to pay out 38,713,976 gold marks for the support of the small army of Allied officials. Their very smallest expenses were paid, such as the blacking of boots, restaurants and hotel tips. Three hundred and ninety-six officers and six hundred and ten men had comprised the military commissions. The feverishness of their activities can be seen from the 33,381 raids or investigations they made. That averages twenty-eight per day. In order to locate the hidden material the officers and men often donned civilian garb. In the course of their spying they often encountered the hatred of the German people. At Passau and Ingolstadt in Bavaria some officers were almost lynched. A fine of 500,000 gold marks was inflicted by the Allies upon each city for the occurrence.

The Control Commission destroyed in the course of its duties enormous quantities of arms and munitions. The following is a list of the destroyed materials:

54,887	guns and pieces of artillery
28,003	gun carriages
28,469	trench mortars
38,750,000	rounds of artillery ammunition
332,000	casings
6,000,000	hand arms
105,500	machine guns
14,014	aircraft
27,757	aircraft motors
174,000	gas masks
588,000,000	rounds of small-arms ammunition
59,000,000	fuses
37,600	pounds of gunpowder

Colonel Stewart Roddie, an English member of the Commission, declared in 1927 that Germany at all times carried out

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her part of the disarmament loyally and under exceptionally difficult circumstances but always in the spirit of the Treaty. Often it was impossible to carry out the terms of that document according to the exact words because of the conflicting interpretations.

This victory of conciliatory diplomacy was almost sufficient alone to balance any concessions Germany had made at Locarno. The presence of the Allied military officers was a constant gall. Although the League of Nations formally replaced the Allied Commissions, supervision may now be regarded as ended. The superficial and fearful investigations of the League into the Hungarian military shipments from Italy plainly tell that minor infractions will go unscathed. The Republic registered a great success in ending the military supervision.

RHINELAND OCCUPATION

The withdrawal of the Military Control Commissions which was part of Germany's price for signing the Locarno pacts was one step in the revision of the Peace Treaty. Closely connected with the Control Commissions was the evacuation of the first zone of the Rhine. Stresemann had received informal assurances that the Rhine occupation would be considerably mitigated. Even before the ratification, and obviously as an inducement to the German voters to approve the agreements, the occupation was moved out of the first Rhine zone into the second. Cologne and Bonn, important cities, were freed of the aliens. But the second zone had to bear the additional burden.

Stresemann kept insisting that the Allies must make good on the reductions, but nothing was done. France clearly was reluctant to part with the splendid gage that the occupation was. The French inflation became serious and Briand bethought himself of a plan to make an evacuation score heavily. He and Stresemann got together at the little obscure village of Thoiry and worked out a provisional plan to trade evacuation for agreement to a commercialization of the reparation railway and in-

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dustrial bonds. The return of Poincaré to the helm and the recovery of French finances stalemated that project. France was less willing than ever to reduce her forces.

The sudden irruption of the German Nationalists into the German cabinet checked further progress in the Rhine policy until the end of 1927, when the French and English finally withdrew about 10,000 of their soldiers from the occupied territory. The number of Allied troops on the Rhine still exceeds the German garrison before the war. Germany stationed some 50,000 there, while the Allies keep now over 60,000.

The overwhelming victory of the left parties on May 20, 1928, gives promise of new progress in the Rhine negotiations. The opening guns were fired in January, when Stresemann and Briand engaged in a long-distance public duel on the question. The German foreign minister always stresses that a continued occupation is inconsistent with the existence of Locarno. Briand points out that the character of the occupation has changed.

It is true that the soldiers behave themselves less arrogantly and more considerately of the populace, but in 1927 there were two hundred excesses and attacks, many of them sexual crimes, committed by soldiers. There are still 8,600 dwellings requisitioned, a considerable number in a country where the housing shortage has been almost as serious as in Russia. There are still about 1,500 German citizens who must appear each year before French or English military courts. Twice a year the Germans must muster their wagons and horses, so that the occupying forces may have a ready list of transportation to march against Germany if necessary. Target practice with cannon still goes on in a well-populated district, for the French regard their troops as in training as though they were in France. France still maintains fifty-three gendarme stations, of which thirty are located in places where there are no occupying troops at all. The Allies still supervise and veto such small additions to the Rhine city police as ten recruits.

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The interference and disturbance to German life is yet quite serious. Even more important is the psychological effect of the presence of the troops. Germans can with difficulty maintain the conciliatory mood of Locarno if the occupation continues indefinitely. By 1935 the Treaty terminates the garrison but with the new governments just voted into office both in France and in Germany we may expect a satisfactory conclusion to the present situation. Poincaré has expressed his readiness to revise the Dawes Plan. The old basis of commercialization of railway bonds in return for evacuation still exists. But the French link up evacuation with an undertaking from Germany not to seek the union of Austria to the Reich nor a revision of the Danzig and corridor settlements. Some difficulty will be encountered but good will can overcome it.

LOST TERRITORIES

To Belgium

The involuntary reduction of the army forced upon Germany by the Treaty was a blow to the national dignity, but the lopping off of huge slices of territory was a loss to the national economy. Adjustments can be made for dignity but not for loss of substance. What was taken from Germany without a fair plebiscite was not willingly ceded and these territorial subtractions form one of Germany's unsolved problems and consequently Europe's also.

The manner in which the plebiscite was held in Malmedy and Eupen makes a future revision of those boundaries necessary. During the summer of 1926, when the French and Belgian currencies were in danger of becoming only nominal values, rumors were current, later verified by other disclosures, that Germany had offered to help stabilize Belgium's franc in return for concessions on Eupen and Malmedy. It is supposed that France interposed energetic protests against any such revision of the Versailles Treaty. At any rate the matter never got very

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far except to show Germany's seizure of every peaceful opportunity to restore her territorial domain.

The future, however, offers hope that a fairer division may be secured, for protests over the plebiscite are made even in the Belgian Parliament. On March 15, 1927, Deputy Somerhausen interpellated the minister for foreign affairs on the possibility of a repetition of the plebiscite, saying that a free expression of opinion was not possible after the armistice. He was accused of being in the pay of Germany, but the minister protected him, declaring that he had entered the Great War as a youthful volunteer. Just a year later on March 15, 1928, Senator de Brouckère declared that the plebiscite in 1919 was a parody and that the Socialists would never recognize it until a fair and free referendum confirmed that result. Other incidents have also occurred.

The feeling in the annexed districts is undoubtedly strongly in favor of a return to Germany. Malmedy, where there are more Walloons than in any other place in the ex-German territory, so far from favoring Belgium is her most determined opponent. All members of the city council urge a new plebiscite. The mayor of the city is Werson, a German sailor during the war and a revolutionary in Kiel when the Kaiser was overthrown. In taking the oath of office as mayor he clearly said that he stood for an honest referendum. He ordered a relief on the walls of the city hall, representing a Belgian soldier treading upon a German helmet removed and replaced by a bronze list of German citizens of Malmedy who died for the Reich in the war. Eupen had no mayor for over a year because the Minister of Interior refused to confirm the German nominated by the citizens. St. Vith has had no police magistrate for over six months because the mayor, who usually clothes that office, has been refused official confirmation as in Eupen.

While the ex-Germans recognize that Belgium has been more tolerant than other countries which have received German minorities, they nevertheless feel they belong to Germany. On

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May 25, 1927, L. Pirard, a Socialist and senator from Verviers, was appointed Governor of Liège, which includes the districts of Eupen and Malmedy. Since the Socialists have always been liberals, the effort of the government to appease the Germans is apparent. For the present there is too much prestige connected with a return of Malmedy and Eupen to Germany or with the holding of a plebiscite, but it may fairly be hoped that in the near future a fresh start will be made. The war greed which led Belgium to demand all or part of Limburg, Luxemburg, a slice of Holland, including the mouth of the river Scheldt on which Antwerp is situated, has abated.

Alsace-Lorraine

The loss of Malmedy and Eupen compared to Alsace-Lorraine was insignificant from the standpoint of area and resources. While public opinion had steeled itself for this cession—everyone knew that France was in the war for these provinces and had kept the statue of Strassburg on the Place de la Concorde in mourning since 1871—still Germany is not reconciled to it. Time, which has already been working in her favor, may continue on her side. The enthusiasm which effervesced at the Armistice has gone, and with it the harsh feeling toward Germany. The church question has created bitterness toward France. Home rule and even independence movements have taken root. France has worked too fast in her attempts to Gallicize the two provinces. The “lost sons” do not take kindly to the centralization of administration. They prefer the German decentralization. The Alsations think themselves superior both to the French and to the Germans. Their long contact with both of these nations leads them to believe that they have the best qualities of each. Whether they have or not is uncertain, but they do have a pronounced independence of outlook.

France is having no easy time with Alsace-Lorraine. The people are far from satisfied. Deputies from these provinces in January, 1927, brought in a bill at Paris, requesting the creation

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of a school commission to solve the language difficulty. The demand was for the teaching of German as well as French, since the children use the former at home. The same group of deputies, all from Alsace-Lorraine, paid Poincaré a visit as a delegation in order to request the bilingual system in the schools, justice, and administration.

Germany has been since the Franco-Prussian War the champion of Germans the world over. In Europe all the Germanic tribes are either united in Germany or living under an independent and voluntary government of their own. Holland and Switzerland are examples of the latter. But the Alsatians are part of a Gallic nation. While they continue to speak German, which presumably they will do until they exist no longer, Germany will feel that they belong with their brethren. Certainly this irredentism will have force at least so long as a free plebiscite is withheld.

This sentiment is in no wise contradictory to the Locarno agreement which Germany signed in 1925. Germany agreed not to be the aggressor in any attempt to secure the return of the two provinces of Alsace and Lorraine. This was a very great concession for Germany to make, and only the exigencies of the economic situation forced it from her. In the campaign for the ratification of the Locarno settlement Stresemann stressed the fact that Locarno was not final. Germany had not renounced the provinces forever. They could still be acquired peacefully. When that opportunity presents itself Germany will not be backward in seizing it.

The course of events in Alsace seriously disturbed France. A great judicial offensive was commenced against the leaders of the autonomy movement. After a long, political trial four men, Dr. Ricklin, leader of the Heimat-Bund against France and formerly against Germany in the effort to attain autonomy for Alsace, Rossé, Schall, and Fasshauer, were sentenced to one year in jail and five years' banishment from the province. The trial which charged fifteen men with conspiring against France

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and being paid German agents seems not to have substantiated any more serious charge than that these Alsatians demanded home rule and greater freedom. The State's Attorney took three weeks in trying to convict them and then asked for leniency.

Poincaré and the administration failed to achieve the object which they set out to gain. The people recognized that a great political trial was going on, and stirring scenes took place after the announcement of the verdict. Gendarmes had to clear the court, while four priests carried one of the defending lawyers out of the court on their shoulders. Another defense attorney wept as he implored the people immediately after the verdict not to judge France by the unworthy judgments. Crowds swept through the city of Colmar, singing the old Alsatian song "O Strassburg, O Strassburg, du wunderschöne Stadt."

The feeling in the provinces is well demonstrated by the fact that two of the convicted autonomists were elected to the French Chamber of Deputies, while they sat in jail awaiting trial. In Hagenau elections also showed the spirit of the people. The government had dissolved the city council there after a refusal of that body to perform certain acts of loyalty demanded by the national administration. The unseated officials were re-elected, a clear disapproval of the federal action. The results of the sedition trial in Colmar pointed a moral to the Saar, where the newspaper warned the people of that province that what happened in Alsace was in store for the Saar if France had the district permanently. Early in June Poincaré saw that he had miscalculated Alsatian sentiment and made a volte-face. He determined to create an Under-secretariat of State for Alsace-Lorraine, thus giving way to Alsatian demand for separate treatment from the rest of France. In July he went even further and set the four political prisoners of Colmar free.

Silesia

With the disposition that the League of Nations made of Silesia, Germany is not at all content. While the economic union

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of this region has been proven not to be indispensable by the fact that German industry advances and keeps good its place as one of the world's manufacturers, yet the future is not assured. Despite the loss of Alsace-Lorraine and the rich iron deposits, Germany has progressed. But it has been estimated that in forty or fifty years she will be at the end of her resources. By that time she will have used up all her own raw material. It is a little too early to decide definitely whether the Poles will be able to continue the heritage that was left to them in Silesia by German intelligence and industry.

We do not know, however, that those Silesians who fell to Germany's care are better off than those who went to Poland. The precise mistakes that Germany made during her administration the Poles are repeating now. The haughty Prussian officials that were disliked before the war are now replaced by haughty Poles from Poland. Silesia remains the stepchild. The promise before the plebiscite that military service would not be required of the Silesians has been violated, while those under German rule enjoy the civilian life. The taxes are now higher than they were under Germany. Moreover, Prussia since the war, like all Germany, has experienced a change of heart. Great liberality is shown. Prussia still administers German Silesia but on September 3, 1922, the Silesians were given the right to choose between staying with Prussia and having a new administration within Germany. The result of the elections was that 513,000 voted to stay Prussian and 50,000 against it. Prussian Silesia has a great measure of home rule and is undoubtedly freer than Polish Silesia.

Danzig

The Polish corridor, which cuts East Prussia off from the rest of Germany, and the port of Danzig are not yet permanently decided, however firm the peace makers hoped they had made the solution. Germany will bargain at some favorable time for their return. Negotiations were under way, or at least

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the subject was broached during 1926 and 1927, when the British were so anxious to secure Germany's adherence to the ring around Russia. Germany's business interests and war-exhaustion make it very improbable that her consent can be had for any price that the Allies are willing to pay to enter any league against Russia.

Austria

The losses of territory and population but not of mineral wealth may be repaired by the union of Austria to Germany, which would bring 32,000 square miles of land and 6,500,000 people. To the Germans union is a keen longing, but to the Austrians it is the fierce craving of necessity. The latter are, of course, Germans themselves and feel not only a brotherly relationship but a lively desire to come into the German household. Ever since the Peace Treaty Vienna has openly aspired to this union.

Nothing is more proper and natural than a union of these kindred peoples. Only the accidents of history bring them down into the twentieth century separated instead of united. The conflict for leadership in the German bund was won by Prussia, which summarily ousted her rival, Austria. But although Austria was "bum-rushed" out of the company of her German brothers, the very closest relations were maintained between the insiders and outsiders. The very liveliest sympathy was always extended to Austria from Germany. The Triple Alliance of Germany, Austria, and Italy was an outward expression of this feeling. And so in the Great War of 1914-18 Austria and Germany were intimately united. When the defeat stripped Austria of every non-German portion she stood alone, a pure German state, whose natural inclination was to draw close to the great German family. Every essential was present for the union: Austria was now German only; Germany as well as Austria desired it. But the imperious words of the Allies forbade the realization.

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Article 61 of the Weimar Constitution provided expressly for the admission of Austria into the German nation. It was stipulated that until her union Austria should have an advisory voice in the National Council of Germany. This provision caused due excitement among the Allies, who sent an energetic protest on September 2, 1919, to Germany demanding that this article be removed as violating the Treaty. Germany unwillingly neutralized it. But at the first moment when armed pressure is removed there is no doubt that it will again be brought into force.

France and Italy and the secession states of Czecho-Slovakia, Rumania, Jugo-Slavia are the barriers which the union must hurdle. During the Viennese riots of July, 1927, Italian troops were concentrated on the Austrian border. This only extended the well-founded fear in Austria that Italy is not satisfied with South Tirol and its 200,000 Austrians but covets North Tirol as well. Austria is well aware that D'Annunzio has a committee diligently at work in Milan preparing the world for annexation of North Tirol. Austria fears for its very existence. Only a union with Germany can quiet and give her security.

All these reasons along with the gnawing economic distress have made Austria's desire for union with Germany more than a vociferous wish. Plebiscites have been held on more than one occasion which testify overwhelmingly to this longing. The most insistent voices have been raised in the Austrian Tirol, for the danger is most imminent there. Italy is today Europe's bully. In southern Tirol an unofficial plebiscite was held on April 14, 1921. The result was that 86,600 favored and 928 opposed annexation to Germany. In northern Tirol, where the Austrians were still masters of their own house, the diet on February 25, 1921, reaffirmed a decision of January 20th of that year to hold a plebiscite on the same question on April 24th. On April 14th, with the results of the unofficial vote in South Tirol known, the French Ambassador at Vienna warned the government that French help would be withdrawn in the economic rehabilitation

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that was contemplated for Austria if the vote were allowed to take place. This only fanned the enthusiasm in Austria, and on Sunday April 17th a huge demonstration was staged in the capital in favor of the plebiscite, which was duly held on the appointed day. The vote was 98.5 per cent for annexation, or 132,296 to 1,722. In the province of Styria an unofficial plebiscite was held also in the same year which returned 67,533 for and 677 against the union.

Enormous armies opposed the midget forces of Germany with 100,000 men and Austria with 30,000, and the overwhelming and legitimate desire of the two peoples must bide its time. In the meantime meetings and demonstrations and conferences are held. In May of 1927 the Peasants' League of Austria declared that if political union were impossible, it desired an economic and customs union. In April, 1927, the Social Democratic Party, the largest in the country, held a demonstration in Vienna for union, during which it was declared that the return of a Hapsburg to the Hungarian throne would be a grave danger to Austria. A treaty between Hungary and Italy was supposed to provide for that event. A German delegate stated that all parties in Germany are unanimously for union. The frontiers between the two countries are "boundaries that do not separate."

On May 14, 1927, the Austro-German League of Peoples met in Berlin, where it was decided that a strenuous effort must be made to change the history textbooks, which rather hinder than promote the idea of union. Next it was planned to assimilate gradually the criminal law of the two countries until both codes should be identical. In November, 1927, joint sessions of Austrian and German deputies took place to work out the new mutual legal code. In the field of transportation it was agreed that the railways should be more closely identified. October 1, 1928, common railway regulations entered into force. Finally a customs union must take place. For these four peaceful programs there is no obstacle in the Peace Treaty. The Allies cannot hinder their realization.

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The demand for approximation is almost incessant. The Austrian Land League on May 23, 1927, demanded the economic union of the two nations. The preliminary steps urged to its realization were that the customs tariff of Austria be revised, that the commercial treaty be modified and that the Austrian land laws be made to conform with Germany's. The Austrian Federal Council, the upper house, heard a motion on June 8, 1927, looking toward the assimilation of the laws of losing and gaining citizenship in the two countries. Almost as an answer the Democratic deputy, Haas, demanded in the German Reichstag that the laws of Germany and Austria be standardized. On July 6, 1927, the Association of Austrian Property Owners voted to join the German association as a gesture for the union of the two countries. At the same time it passed a motion declaring the union to be absolutely necessary. Resolutions of a like nature and enthusiastic demonstrations were frequent during 1928. There can be no doubt that the two countries will approximate themselves until in every way but the final political act Germany and Austria will be one country. The old customs union which paved the way for German unity will be reenacted in a modern version.

Tirol

Italy had been a member of the Triple Alliance between Germany, Austria, and herself but some years before the war Italian colonial diplomacy had made it clear that she would not enter a war on Germany's side. After long negotiations she signed the secret treaty at London during April, 1915, guaranteeing her among other things South Tirol to the Brenner Pass. The Allies gave no consideration to the fact that there were only 6,704 Italians in the province while there were 215,933 Austrians or Tirolese. The Ladins, a Latin stem, with 19,605, comprised the rest of the population. The Italians were indeed only a few immigrants; the Tirolese were the natives of centuries standing. When it leaked out that they were to be sacrificed to dark agree-

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ments the inhabitants laid a touching appeal before President Wilson. Their plea went unheeded.

After the Armistice Italian troops occupied the territory and the inhabitants were given great consideration. Italy was not sure that she would get the province. The American attitude was a problem. After the province was awarded to her, she continued good treatment; but the people yearned for their fellow countrymen. An expression of this wish was the unofficial plebiscite which returned 86,600 favoring annexation to Germany and 16,928 opposing. This was on April 14, 1921. Ten days later a band of Verona Fascisti arrived to break up a parade of the peasants in costume. The Tirolese leader was killed. This heralded the beginning of the ruthless despotism to which Mussolini has subjected the country.

Under the present régime, which commenced toward the end of 1922, even the old names known to the world must be changed. South Tirol became Alto Adige and the Tirolese the Atesini. It is an offense to use the word Tirol in Italy. Later came the notorious decrees ordering all inhabitants of the Tirol who had at any time had a Latin or Italian name to adopt that spelling. This left a fine opening for "official" genealogists to prove the Italian character of the German people. The cities, mountain peaks, the rivers, everything got an Italian name.

The German tongue was prohibited and private schools which might be conducted in German abolished. Instead of the old Austrian compulsory eight-year school the children had a four-year voluntary school. This system is the foundation of Italian illiteracy. Tirol is today the most literate province in Italy, but its record is dropping. The children go to schools where they cannot understand the teachers. Newspapers in German are suppressed. Gravestones must be in Italian. A seventy-four-year-old woman was arrested because she had not changed the German names of the saints in her picture to Italian. This is the fulfillment of the Italian promise to respect the minorities.

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With a powerful Austria emasculated into a weakling, little state that needed artificial nourishment to keep it alive, Tirol had to turn its hope to Germany, which has now become the sole guardian and champion of German racial rights and interests in the world. The unofficial plebiscite of 1921 showed the unanimity of the desire to become German. Mussolini grows threatening when the union of Austria and possibly Tirol to Germany is mentioned. He does not want a strong German neighbor in place of the weak Austria. On February 6 and 10, 1927, he made two firebrand speeches in the Italian Parliament, noisily and floridly declaring the Brenner Pass to be a "sacred" border. God is already enlisted in his cause! He, Mussolini, would carry the Italian flag beyond the Brenner but never back. Stresemann answered him in a temperate speech which found acclaim all over the world, much to Il Duce's discomfiture.

Colonies

While the disastrous results of the Great War have taught many Germans the folly of "high politics" there still remains a group that strives to secure for Germany a colonial system to replace the one she lost by the war. Oblivious of the large part that imperialistic expansion had played in the outbreak of the war, they wish to get back in the race. A small but ardent movement is maintained which plays particularly to the young college students, appealing to the national egotism: Germany needs room to expand; Germany must be large like the other powers. Therefore we hear of rumors that Germany is preparing to demand a colonial mandate, that this or that African colony is to be entrusted to her solicitous care.

With every nation of any pretension, even Belgium and Holland and Portugal, all in the will-o'-the-wisp race of imperialism, many Germans feel a deep and open wound to the national dignity in being stripped of the colonies. Salt was rubbed into this wound by the declaration of the Allies that Germany was unfit to govern backward people. With even the

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United States embarked on the veiled path of imperialism, it is no wonder that Germany, in the thick of the intrigue before the war, should still be interested. May 20, 1927, Germany made a move to secure a seat on the mandates commission of the League. On September 8th of that year the Council decided to increase the seats on that commission from nine to ten, at the same time assuring Germany a place. It seems that Europe wants Germany back in the ranks. Perhaps she will presently be back in the civilizing mission.

In the meantime Germany is watchful of the status of her mandated colonies. When Belgium incorporated her German mandate, Ruanda-Urundi, into Belgian Congo, a quick protest was deposited against this violation of the League's trusteeship. The British desire to unite German East Africa into a Union of East Africa meets German opposition. German newspapers remark caustically of the British tendency to speak in Parliament of the mandates as British colonies.

The proponents of colonies feel that German prestige is bound up with such grants and that supplies can be secured there for the industrial life of the nation. Before the war Germany had invested about 505,000,000 marks in her colonies, and just at the outbreak of the conflict the returns from these investments were starting to come in. Germany received in 1914 one-fifth of her cocoa, one-twelfth of her vegetable fats and oils, all her sisal hemp, and one-fifth of her rubber from her own colonies. Southwest Africa furnished one-fifth of the world's diamonds in 1913. The receipt of such supplies from her own colonies would be a great assistance in reducing her adverse trade balance and insomuch would be favorable to the Allies and reparations. The colonial advocates are wise in restricting themselves to the economic argument, for the imperialistic theory is not very popular.

The whole movement is kept alive by a comparatively small group of people, although they are very active. The magazines, the *Kolonial Rundschau* and the *Kolonialedeutsche*, are devoted

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to their aims. Pamphlets and newspaper articles seek to spread the beliefs. The Colonial Society (Koloniale Gessellschaft) has formed a large number of societies to spread the propaganda. But with the Social Democratic Party opposing a new colonial venture the likelihood of success is not very good.

FOREIGN POLICY

Locarno had very notable immediate effects. France and Germany became good neighbors, and it is inconceivable that they harbor the powder-flash hatred of yore. Not only France and Germany but all Europe, yea, the entire world, felt a relaxation and return of good feeling. A new spirit swept into the world. The Allies did evacuate Cologne and Bonn, although the troops were not sent home but transferred into the second zone farther up the Rhine. Germany succeeded in ending the foreign military control. At last the irksome commissions packed up their bags. Up to the time of the Dawes Plan Germany paid the neat sum of 5,468,000,000 marks for defraying Allied military expenses, including upkeep of the Control Commissions, while the payments for the army under the Dawes Plan amount to considerably more than two hundred million marks yearly. The Saar was more respected as a result of Locarno. The French troops which had guarded the district in violation of the terms of the Treaty have been substituted by a mixed gendarmerie. Of good omen is the signing of a commercial treaty between France and Germany in Paris on August 17, 1927. The two countries are consolidating peaceful relations.

Locarno came under a cool cloud in 1927 when the German Nationalists pounded their way into the cabinet. Poincaré was kept in restraint in foreign affairs by Briand, who like Stresemann labored under the handicap of extremist associates. Poincaré chafed until he exploded at Lunéville. His vehement oratory threatened to give Locarno the coup de grâce, but Stresemann's tempered reply kept the embers softly burning.

Conciliation has been the aim of German diplomacy since

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the Dawes settlements. Nothing can shake Germany from her gentle way. Poincaré, Mussolini, got only a measured, tempered reply. Their own extremists find themselves pulled along by the current. For the next decade or two Germany's foreign policies must center upon an isolation, a keeping free of the entangling politics that commit a nation to aid here and hinder there. This is definitely recognized by the Foreign Office. In a declaration of policy Stresemann laid this down as the guiding line of his diplomacy. This came to light when Great Britain sought Germany's assistance in her crusade against Russia in 1927. Germany refused to hear any suggestion about leaving her neutral position. Safe in neutrality Germany will wisely stay.

In recognition of her rôle for the immediate future Germany has negotiated a series of arbitration treaties. The latest of these treaties was signed with Italy in December, 1926. These arbitration pacts do not make any exceptions concerning national honor and vital interests but definitely include all differences that may arise between Germany and the other nations. This is a great step toward a peaceful settlement of problems, for in the past any question of importance has always been classified as vital and the arbitration method has been excluded. Further, when there is no international law to cover a question, the arbitration commission makes recommendations on what it considers the law ought to be. In pursuance of her path of arbitration Germany voluntarily signed the obligatory conciliation clause of the international Court during the League session early in September, 1927. By this gesture she has set an example for the other great powers, none of whom has had the boldness to submit her international difficulties to that court. She expressed her adherence to Kellogg's Outlawry of War project without the reservations that England and France added after their acceptances. Germany is embarked upon a deliberate policy of peace and is a leader in all pacific movements.

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REPARATIONS AND THE DAWES PLAN

Although Poincaré refused to admit that the acceptance of the Dawes Plan was in any sense a modification of the Treaty of Versailles, it can scarcely be labeled anything else. But despite the Dawes Plan the reparation problem is far from being settled. The history of raising funds in the first four years of its execution has shown the ease with which the German people have collected the annual payments. Some Germans still are dubious about their prolonged ability to pay the full annuity of \$625,000,000 and point out that the early payments are far from the final figure.

The overconfident views that are published in the newspapers from time to time are generally concerned with the amount that must be collected within Germany, and not with its transfer to foreign countries. Thus the banker Robinson declares that one year's installment is no more than Germany had to pay before the war for the upkeep of the army and, further, that the annual German income is fourteen billion dollars, or about twenty times the reparation cost. Five per cent of the national income is needed for reparations.

Others such as Long point out that the actual receipts of the controlled revenues have always exceeded the estimate. Thus the estimate for 1926-27 was 1,907,000,000 marks, while the yield was 2,405,000,000, and for 1927-28 the estimate was 2,410,000,000 against 2,890,000,000 collected. Approaching the problem from another tack Long writes that the German surplus available for reparations in 1925-27 was \$6,405,250,000, while Germany paid \$993,000,000, or 15.5 per cent. He maintains that Germany has created sufficient new capital since the Dawes Plan to pay reparations, interest charges, and extend her plant without foreign borrowing. The sources from which he makes this deduction, however, have stated that while Germany has produced about as much capital as before the war, she needs more capital than then because her industries suf-

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fered ruinously from the war and inflation and because she must pay reparations.

If we accept Agent General Parker Gilbert's conclusion that Germany can without great difficulty raise the reparation debt, the difficulty of transfer still confronts the world. Of late a very heated controversy has arisen over this topic. The early post-war years were dominated by the Keynes theory that an export surplus large enough to equalize reparation transfers could not be created. A new school has vigorously challenged this position. Mr. George P. Auld, former Accountant General of the Reparation Commission, is one of the defying champions. He bases his belief on the "creative theory of loans" and establishes an analogy between Germany and the United States before the war.

The United States was a capital importing nation, but when the war created a great consumer demand in Europe we were able to ship vast supplies to that continent and wipe out our debts, and even to establish ourselves as creditors. Auld's opponents point out that new countries skim the cream of the natural resources and that labor is much more productive than in old established countries. The new countries can therefore borrow money at high rates and still produce splendid profits. But can Germany, an old country, hope to equal that record? Will a great consumer demand arise in America?

German economists also emphasize the fact that about one-half of the loans were made to governments and communities, and that these do not produce wealth like private enterprise. In recognition of this fact the Agent General has made every effort to curtail loans to such bodies. German economists also assert that the proceeds of the loan have not been very productive to Germany: The first years of the loans, raw materials, which Germany needs so desperately, were imported, but the balance sheet indicates that the net result of the foreign credits has been to supply the nation with foodstuffs and gold. They acknowledge that the foreign money has speeded up industry, but without

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producing sufficient new capital, an end which alone can justify the taking of loans.

Another interesting theory on the transfer problem is that of the automatic creation of an export balance. Long with his "Mythology of Reparations" stands out at present as its chief proponent. His position seems to rest upon J. S. Mill's classical theory that an export shortage results in the shipment of gold, a fact which is followed by tightened conditions and finally by prices sufficiently cheap to move goods abroad, thus establishing the export surplus. The logic of this automatic doctrine would make even a small country capable of exporting unlimited quantities of goods.

Professor Cassel, a vigorous opponent of large reparation payments, takes delight in confounding the adherents of Germany's unlimited capability to pay by recalling that the intention of all reparation plans has been to arrange a scheme to enable a copious flow of money out of Germany. But as he has pointed out the law of economics has been more cogent than Allied hopes, for the stream of money flowed into and not out of Germany.

Most economists agree that Germany's transfers so far have been effectuated by the aid of the loans which she took up in foreign countries. With a constantly adverse trade balance the only possible means of creating a favorable balance has been by these loans. Because of that fact it is apparent that the Dawes Plan as long as it has now been in force has never had a normal year. We can gain no knowledge about the future from the past.

Germany's ability to transfer depends just as much upon the willingness of other countries to receive German wares as it does upon Germany's attitude. The high tariff barriers show no signs of collapsing, however. On the other hand France, which used all the reparation deliveries assigned to her, has worked out an extensive program for a magnificent expansion of her public works on reparations account. Improvement of the

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port of Cherbourg, a new and distant water supply to be conducted to Paris, the construction of a great dam near Nice in the Verdon are some of the projects. German workers, mostly engineers and highly skilled mechanics, will assist in the construction in France. A law has been passed by the Chamber remitting customs duties on German materials destined for public works. The system is not to be confined to France but is to be extended to her colonies and mandates. Undertakings of this character will materially assist a fulfillment of the reparations. But unfortunately vast enterprises of this type in undeveloped countries will be impossible, since the conditions have not yet advanced far enough for them. When new countries have grown to a stage where developments are needed, private capital is forthcoming. This fact restricts great reparation programs for backward areas unless the enterprises be of an uneconomic nature.

In the meantime the Dawes Plan is a very serious obstacle to Germany's economic structure. The uncertainty attached to its execution is a great threat to a smooth running of her financial machinery. The two great questions of how much Germany's total debt is and how many years she must pay the annuities are unsettled. But quite apart from those problems the presence of the Reparation Agent in Germany, constantly eyeing German financial practice, is a serious factor. Mr. Parker Gilbert, for instance, raised the delicate question of priority toward the end of 1927 and of the advisability of indiscriminate loans. He took the position with Schacht, President of the Reichsbank, and other leading German economists, that the community loans were altogether unproductive and extravagant. In connection with that question the priority of transfers in payment of reparations and of private loans came up. Mr. Gilbert asserted that Article 248 made Germany responsible for a safe transfer of reparation funds, at least made her liable to aid in every way. A better informed view holds that Article 248 is only a floating charge upon Germany, which must assure payments if a default

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occurs. Until that event the Reich and states have no obligation whatsoever.

The Dawes Plan, moreover, does not give the Transfer Committee any general control over German exchange. It is limited to seeing that the German mark does not again descend into the abyss. It is inconceivable that the Allies would stop German loans by refusing to permit a transfer of interest payments for public issues, since Germany cannot exist and pay reparations without foreign credits. The chaotic five years have taught the world the truth of the situation. It would seem, therefore, that from a legal standpoint the reparation transfers have no priority over private payments, while from a practical basis the Allies must permit Germany to borrow and to pay interest on such loans.

Such interferences with internal administration, of course, had a very drastic effect upon Germany's financial position. As a result of the reparation agent's remonstrances the railway which needs new capital to continue its reorganization has been compelled to ask higher freight rates. Industry protests that a rise in rates cannot be tolerated. For a few months foreign issues for Germany fell away to almost nothing. Domestic loans were attempted but the results clearly indicated that Germany is not yet a loaning nation but continues to be a borrower.

It is, therefore, quite natural that Germans of all ranks should feel that the Dawes Plan is only a stop-gap which has fulfilled its mission of getting the world back toward a normal functioning. There is a unanimity of feeling on the need of revision. In March, 1927, the subject came up in the Reichstag and the representatives of every party declared for revision. The Center said Germany does not feel morally bound to pay. The Democrats stated that Germany pays because she lost the war. The German Nationalists emphasized that the dumping which it encourages and the control system of Germany are bad features. The Social Democrats agreed on the necessity of revision. The Germany People's Party declared that all parties

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agree on the subject. The Communists urged the necessity of a thorough revision. Many of the patriots have difficulty in keeping their indignation down. The better informed and more intelligent thinkers believe steadfastly that a rewriting of the indemnity is inevitable, and that by letting the facts of economics show the necessity the nation will get farther than by decrying the arrangement and shouting its impracticability before the truth is proved. Official Germany maintains a discreet silence until events have borne out its inner conviction.

We have seen that Germany was whole-heartedly willing to repair the damages done to the invaded districts, and that the principle was stretched by the Allies until Germany's obligations were ocean-vast. Considering how the debt came into existence, one can but wonder that rancor and hatred are not rampant. Instead of that we find the general recognition that the Dawes Plan has been a splendid achievement, one that saved Germany great agony. The Germans are, nevertheless, convinced that it cannot work.

The belief that a new plan must be provided is not confined to Germany. Keynes and Cassel are only the most prominent names in the movement. The reparation agent gave a great impetus to that movement when he ended his annual report in 1927 by the statement that the period of experimentation must end with a fixing of Germany's total debt and the removal of all supervision and of transfer protection. The immediate consequence was that a host of new plans were submitted to the public's attention in the newspapers and magazines. Gilbert coupled his statement with a series of visits to America, to Paris where he was closeted with Poincaré, to Italy.

The most discussed of the new plans was the so-called Bankers' Plan for Reparations. The basis of this project was that the total debts was to be fixed at 32 billion marks, of which 16 billions were to be met by commercializing the railway and industrial bonds, while the other 16 billions were to be paid out

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of the budget. Gilbert's plan, it was rumored, was to set the final figure at 50 billion marks.

Briand's statement in February that a complete revision of the reparations scheme was quite possible showed the earnestness of the situation. But when Poincaré on April 2, 1928, declared in a public speech at Carcassonne that it was likely that an investigation of the possibility of commercializing the railway and industrial bonds would have to be made, the world was set by the ears.

The agitation, however, gradually subsided since no practical steps could be taken until the elections in France, Germany, and the United States had been held. One thing seemed certain and that was that at some time or other a modification of the Dawes Plan would occur. A revision, many thought, should be thorough when undertaken. Germany's payments including her transfer of colonies and provinces and the Russian destruction in East Prussia should be balanced against the actual devastation caused by her invasion of Belgium. If the problem is properly approached, the Allies might conceivably find that they have to reimburse Germany for overpayments.

There seems to be little prospect that such a thorough investigation of the entire problem will ever be attempted. A complete accounting of the war damages on both sides is certainly within the realm of the possible but an assessing of the relative blame of the combatant nations for starting the war is not only improbable but even impossible. Since the end of the war, nevertheless, historical research has undoubtedly tended more and more to absolve Germany from an especial guilt. The sanest conclusion to-day is that the Great War was the result of a general European condition, in whose existence all the powers were jointly involved. While all were to blame, some may have been more reprehensible than others. Perhaps, however, no satisfactory category can be devised in which to rank the powers according to comparative guilt.

If the historical opinion of general blame be accepted, there

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would still be the problem of distributing the costs of the war. Should the damage remain where it fell, mostly on France? on the theory of a general accident, where each suffers what chance brought to him? Should all costs be lumped and borne equally? Then, are the nations to carry their share on the basis of wealth and capacity to pay or population? And are the number of dead sustained to be reckoned in and at what figure? Surely the spoils gained in the settlement must be balanced against the costs. Why, it may be queried, is Italy entitled to any reparations at all? She made a cold bargain long after the war began. And Rumania?

THE YOUNG PLAN

The conference which opened in Paris on February 11, 1929, under the chairmanship of Owen Young, an unofficial American delegate who has been called the father of the Dawes Plan, certainly did not investigate the subject from any other angle than the needs of the creditor-Allies and the utmost capacity of the debtor-Germany, although at the outset an examination was made of such matters as the tax rate, real wages, and the standard of living in Germany. When after innumerable crises the discussions closed on June 7th with the completion of the Young Plan, a solution had been arranged which even the chairman of the assembled experts in his closing speech declared was arrived at through political as well as economic considerations despite his statement to the press before the conference that the settlement must not be based on political factors. The fact that Germany was accorded in certain cases the possibility of a suspension of transfer and of a moratorium as well as the fact that the annual payments were sundered into unconditional and conditional parts clearly announced that the Young Plan was not regarded as definitive.

The Young Committee consisted of "independent" financial experts who were to recommend a "complete and final settlement of the reparation problem." Six members of the Dawes Committee were also delegates to the Young Conference, which

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thus secured valuable experience. The negotiations themselves lasted almost four months from February 11, 1929, to June 7, 1929, and proceeded slowly and often stormily. The differences came to a climax when after two months of discussion the demands of the creditors and the offer of the Germans were so far apart that the conference was about to be broken off in failure. The Allies had on April 13th set up a plan which during its 58 years would have obtained from Germany an average sum only slightly under the Dawes annuities. Germany on the 18th of April offered to pay 1,650,000,000 marks for 37 years. The death of Lord Revelstoke interrupted the final session, and gave Owen Young time in which to prepare a compromise plan which under pressure both sides accepted as a "basis of discussion." The crisis, however, continued until the reservations without which Germany refused to accept the Young Plan had been worked out satisfactorily to the creditors.

Great credit belongs to the American delegates and especially Owen Young for the services rendered to the conference. The action of the American Government in reducing its annual receipts on the occupation costs was the final step bridging the Allied demands and the German offer. The bargain was finally struck. The creditors had one great object: they wanted commercialization of the debt. They could offer Germany reduction in payments for this concession. Germany held as her trump the readiness to surrender the transfer protection accorded by the Dawes Plan without which no commercialization was possible. Although these two factors seemed slender considerations upon which to build a revision of the reparation problem, the thing was actually accomplished.

The annuities which were agreed upon in Paris were not a fixed sum for each year. They varied from as low as 1,685,000,000 Reichsmarks to as high as 2,428,800,000 but the average payment amounted to 2,050,000,000 over a period of 37 years. For 21 years thereafter an average payment of 1,700,000,000 marks is required. The first 37 installments are to pay

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the inter-Allied debt to the United States and the cost of repairing the devastated regions, while the last 21 are to pay only the inter-Allied debt. Should the United States grant her debtors better terms during the period of the Young Plan, Germany is to be relieved proportionally. The settlement represents a capital sum of about 36,000,000,000 marks.

The annual obligations are divided into conditional and unconditional sums. Germany has contracted to transfer 660,000,000 marks each year without regard to the state of her currency. She has no protection for this sum. This division of the payments will ultimately be the basis for the commercialization of the reparation debt. For the sums due over and above 660,000,000 Germany is given the possibility of not transferring and even of not paying if conditions are such that the mark might be jeopardized.

There is nothing original about the Young Plan in so far as the schedules or the method of collecting them are concerned. The one brilliant achievement of the conference, however, was the establishment of the Bank for International Settlements. This institution has been no more than sketched in the Young Report but it contains great possibilities of development.

The Plan already envisages many important functions for the Bank. It is to be the receiving and distributing agency for the Young annuities. Germany pays each year's installment in gold or foreign exchange to the Bank which turns over the proper amount to each creditor government. It is expected that the Bank will be able to assist in the solution of transfer difficulties by acting as a sort of international clearing-house for gold shipments. It can adjust the excess of gold in one country and the lack of it in another by bookkeeping. The Bank is to be the agency for commercializing the debt, *i.e.*, to negotiate the sale of bonds as conditions permit. Through its purely banking capacity it is hoped that deliveries in kind to under-developed countries can be fostered. By loaning money to buyer and seller

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perhaps this can be accomplished but it is feared that Stamp's old project will be just as impractical as ever. The element of risk involved in such financial transactions, moreover, is scarcely the proper field for the International Bank.

While the field of operations for the Bank is virgin and unlimited, fear has already been expressed by private banking institutions, especially in England, that the new organ may interfere with their business. To avert this criticism the report expressly states that it should not supplant but augment the functions of the present banking houses. That there is plenty of room no one will doubt.

A large part of the anticipated profits from the Bank are to be used in assisting Germany to meet the last 21 annuities which are equal to the Allied debt to the United States.

The Bank is to be organized by offering shares to the central banks of the creditor countries and the United States. The seven nations, England, Italy, Japan, Belgium, France, Germany and the United States send the head of their central bank as a member of the Board of Directors of the International Bank. Each of these men can name another director from among his countrymen. France and Germany as the most interested countries may each appoint a third director. Nine other directors will come from other countries where shares are taken, making twenty-five on the Board.

It is contemplated as a guiding principle of the new Bank that it will work in constant touch and harmony with the central banks of all the leading nations. The appointment of the heads of the central banks as directors is to assure intimate contact with the supreme banking structures of the great nations and its character as a super-bank.

The German delegates to the Young Conference were unwilling to offer more than 1,650,000,000 marks per year and rather than go beyond what they deemed it possible for Germany to pay they were ready to end the meetings. Young's happy compromise averted the complete failure of the com-

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mittee. But in order to secure German assent to a higher figure it was necessary to sunder the annuities into an unconditional part which Germany was to pay regardless of the state of the mark and a conditional sum, which can be suspended if Germany deems it necessary.

The whole onus of deciding whether a suspension of transfer is necessary is placed upon the Reich which can if it considers it essential give 90 days' notice of the impossibility of transferring the conditional part. But in such case Germany must continue to pay her obligations but in Reichsmarks into the Bank for International Settlements. The Bank is authorized to use such monies for investments in Germany or for financing deliveries in kind, but all such transactions must be agreed to by the Reichsbank. If a transfer-bar is in effect, Germany may also secure a moratorium on the payment of one year's annuity or one-half of the amount which is affected by the transfer-suspension.

As soon as Germany gives notice of a transfer-suspension, the Bank must convene a special advisory committee to examine into the necessity of the arrangement. This committee can only recommend to the Bank or in proper cases to the governments concerned. The unconditional annuity cannot be discussed.

The great advance of the Young Plan over the Dawes Plan lies in its aim to return Germany to complete economic autonomy. All foreign observers and officials connected with the Reparation Commission and the Dawes Plan are withdrawn and their organizations abolished. But in two respects a complete independence was not achieved. The railway is obligated for 37 years to pay the Bank for International Settlements the sum of 660,000,000 marks, or the unconditional annuity. The German Government, furthermore, must assign certain revenues, customs and taxes on consumption for the service of the debt.

To Germany the wonderful part of the new plan is the removal of foreign control from the Reichsbank, the railways, and from industry. While German economists and financiers are very doubtful of the ability to pay 2,050,000,000 marks per

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year, they recognize that this settlement saves them 450,000,000 marks annually. Balanced against this gain is the fact that the transfer protection of the Dawes Plan is removed. In periods of strain Germany can, indeed, secure a transfer-bar but the odium of requesting it will be upon her. 660,000,000 marks, moreover, must be transferred regardless of circumstances.

Under the Dawes Transfer Protection foreign investors felt quite secure. The Transfer Committee, the eagle eye of the Agent for Reparations, the presence of foreigners in the Reichsbank management, calmed the fears of outside investors. Now Germany must go it alone. There is no doubt that it will be in many ways more difficult for her.

But on the whole the German Republic has derived tangible advantages from the new plan. The debt has been fixed both in time and in amount. The annuities are reduced. The index of prosperity which might have increased the Dawes installments has been removed. There are no longer any controls over her. The International Bank will help the transfer problem. The Young Plan recommends the cessation of liquidating German property abroad and the settlement of all treaty problems. Finally, if the United States grants any amelioration to her former allies on their debts to her, such reduction will accrue to the benefit of Germany.

The former Allies too have gained by the new arrangement. A definite amount, outstanding among private investors as the capital sum of 660,000,000 marks will be, an amount which can be reckoned each year in the budget, is far better than a larger sum which is uncertain. The deliveries in kind, of which England particularly has complained, disappear in ten years. The artificial pressure which has compelled Germany to compete so strenuously with her creditors is removed.

Germany lost through the Young Plan the assurance of exporting large quantities in deliveries in kind. The Transfer Protection is removed. And instead of getting through her treaty payments in 1951, as the Versailles Treaty stipulated, she must

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continue paying until 1988. The Allies have suffered a reduction in the amount of the payments.

The Young Plan logically entails not only the withdrawal of foreign control agencies over German economic affairs but also the political controls in the Rhine and the Saar. Economically Germany must clean house and put herself on a clear schedule. The unemployed insurance which has been making heavy drafts upon the Reich must be revised. Tax reforms must follow. The deficits in public administration must be wiped out. More scientific budgets must be kept. And most serious of all is the necessity of freeing the country from dependence upon foreign capital. Great efforts must be made to supply needed capital within Germany.

There is a general disappointment in Germany with the size of the settlement, both in amount and in time, which has been voiced by no less a person than Schacht, the chief German delegate. The safety clauses and the necessity of working harmoniously and peacefully with the other nations decided him to accept it. The irritation which all Germans felt at the interference in their affairs under the Dawes Plan was pointedly expressed when Schacht in a speech at Munich during June, 1929, said that no one connected with the old Reparation Commission or its agencies should be active in the new International Bank. Germans felt a keen dislike for the periodical reports with which Parker Gilbert lighted up the German economic scene.

So dissatisfied with the Young Plan is one section of German opinion that it has seriously declared that negotiations should not have been opened until a full, normal Dawes year had elapsed. Such a standard year, it is said, would have clearly demonstrated the impossibility of the Dawes Plan and also the payments demanded by the Young Plan. But if, indeed, there would have been a breakdown, the damage to German economy would have been far more costly than the advantages securable by lower annual obligations could have made up.

Germany's capacity to pay after four years of the Dawes



Courtesy of German Tourist Information Office

Hjalmar Schacht

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Plan was still problematical. There was no method known of fixing definitely and scientifically the sum she could pay and transfer. Whether the Young Plan is feasible is also an open question. But in its favor lies the fact that in the normal course of affairs a country like Germany will make steady progress. And if the installments are set too high, at least they are lower than the Dawes figures and they therefore give Germany a better chance to get her rationalized industries on a sound and prosperous basis.

CHAPTER XIX

THE REPUBLIC TRIUMPHANT

THE Republic had come to Germany as an afterthought, not as the driving force of the Revolution. The principal motive of the Revolution had been the desire to sweep out the old régime which had led the country into defeat and despair. When that had been accomplished by no more than a determined gesture, the Republic followed inevitably as the rainbow the shower. Ebert had made no mention of a Republic when he announced his assumption of the new government.

The revolutionists were at a loss on the form of government. The Social Democrats, who were recognized as the arbiters of German destiny, themselves had no plan. Their decided stand for elections to a national assembly was the desire to allow the country to govern itself. They would have made no opposition to a renewed monarchy, as long as it was constitutional and not autocratic.

While the new leaders did not arrive with a ready-made plan for a new government, neither were the monarchists sure of themselves nor their system. Not a hand was lifted in its defense. Not an officer died in a last stand behind a hasty barricade rushed by raging mobs. The great army machine stood idly by and helped the new rulers maintain order. The vociferous royalists slunk away like whipped dogs. Not even the most fanatical doubted that the situation called for just what developed. No one thought of opposing the march of events any more than an earthquake. The Revolution was a cataclysm. Only when the Revolution showed itself to be as blind and aloof to individuals as the forces of nature did the imperialists emerge from their cyclone cellars.

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The sacking, the confiscations, the massacres they expected would follow in French and Russian style failed to materialize. This omission emboldened them. They took heart. They opened their mouths—widely. They had long proclaimed that only a monarchy suited the German character. They iterated it now and reiterated. They made charges with utter disregard of foundation. They pinned the Armistice to the lapels of the new government without indicating that they had made the badge. Undismayed by their parenthood, disregardful of the incessant demands of the unnerved Ludendorff for a truce, they flayed and flouted the Social Democrats and the Republic with stripping Germany bare and covering her with shame.

Like the professional lawbreaker they knew how to shout "Stop, thief" to divert attention and avert responsibility. Each new Allied exaction was greeted as though the new governors had requested the measure. The Peace Treaty evoked the most vehement opposition, but easily effective steps to defeat its approval in Weimar were neglected. The defiance of the extreme right in the intransigence over the Treaty of Versailles more nearly coincided with the general wishes than in any other event. The almost insuppressible demand for an armed march upon Berlin which the military officers urged would have met considerable popular enthusiasm, but foundered upon General Groener's willingness to assume responsibility for the good behavior of the army.

Intrigue for an overthrow of the Republic was not ended by this vapid conclusion of an earnest movement. On the contrary plots and plans were spun with dizzy speed. The first serious crystallization of resurgent monarchism was the Kapp Putsch on March 13, 1920. After the evaporation of that myth Ehrhardt continued his subversive activities in a host of secret, so-called "patriotic organizations." Following the Kapp escapade he fled to the safe refuge of Bavaria, where he dickered with the Munich police for employment for his brigade. When federal pursuit became hot, the Bavarian authorities furnished him

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with two passports, both under assumed names. One was made out to Hugo Eisele and the other to Hermann Eichmann: always his own initials, H. E. At the Hungarian border an official of that country discovered his second passport in his luggage. He was sent back. The Bavarians then said that the Eisele document was a mistake and Ehrhardt was safely passed into Hungary.

He returned later to Bavaria and found lodgings with the Princess Hohenlohe. She was questioned in court about his whereabouts, but she denied that her guest was the refugee. Outside of court some one recognized him as Eichmann, his Hungarian alias, and addressed him by that name. He was at once arrested and the Princess sentenced to a term for perjury.

Pending trial Ehrhardt was committed to the Leipzig prison, where he was treated to hotel comforts and private bath. Although as early as February 9, 1923, the police were warned of a plot to set him free, he leisurely unlocked his cell door on June 14, 1923, with keys that had been furnished him and walked to his waiting automobile. Thereafter he lived a free life in Bavaria, where he was protected from federal arrest by the state of emergency von Kahr had decreed.

Ehrhardt was not the only organizer of patriotic associations. They grew up naturally after the armistice. The Revolution stimulated the founding of groups to protect reactionary interests. When the revolutionists showed no disposition to ferret out all adherents of the old régime to put them to the sword or to punish them more mildly, the latter grouped themselves into Civilian Councils, Citizen Guards, Volunteer Corps, and the like. Many of these formed around a nucleus of ex-officers. But the former officers also organized themselves into regimental bodies. The conditions prevalent in the Reich after the Armistice were favorable to the formation of volunteer regiments, since the army quickly disbanded after the defeat in the face of very considerable military work yet to be done. The most serious army duty that faced the nation was on the eastern frontier,

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where the Poles revolted and made inroads into German territory, and where a Bolshevik invasion was weekly awaited. In the Baltic the Allies gladly permitted German troops to remain and even requested them to keep back the Russians who were pushing forward into that region.

But when the Allies got the Baltic situation in hand, when the independent nations had been installed, they demanded that Germany, her usefulness over, withdraw her troops. So, too, they ordered her to reduce her armed forces in conformance with the terms of the Treaty of Peace. They insisted not only that the national army be limited to 100,000 men but that the volunteer corps, civilian guards, and miscellaneous private military organizations be discontinued. Banned by law, those bodies became secret formations. They were encouraged in their undercover activity by the desire of many fathers to have their sons receive the "benefits" of a military education.

The new secret "patriotic organizations" were numerous and flexible. As soon as an organization was discovered by the government to be existing in violation of the law they were dissolved. But the members gathered again under a new name. Ehrhardt was the nucleus of many of these bodies. The first was the Association of Baltic Fighters, a natural congregation of soldiers united by past experiences. The Verein National-gesinnte Soldaten (Union of Nationally Minded Soldiers) succeeded that. A later creation was the notorious Organization C. "C." stood for Consul, a favorite name Ehrhardt reserved for himself in imitation of Napoleon. Many of its members participated in the political murders that rocked Germany for several years. The Neudeutsche Bund (New German Bund) was another Ehrhardt organization.

Other right extremists also founded orders. Hitler built up the National Sozialisten and soon adopted all the manners of the Italian Fascists. Rossbach organized a regiment carrying his name. Werwolf (Werewolf), Olympia, Jungdeutsche Orden (Young German Order) were others. The Stahlhelm (Steel

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Helmet) has become the largest and most influential of them all.

All the orders were supposed to be unions of front fighters, but they were not strict in the matter of membership. They fed from the disgrace that had been visited upon Germany. The whole country seethed with resentment under the Punic Peace. Hardly had the resentment at one offense committed upon Germany begun to cool when another followed to keep the indignation boiling. Smarting under the degradation, the patriotic orders assumed as their principal task the restoration of Germany's fair name and proper position. While the Allies were given original responsibility, the German Government was held equally guilty. The administration must be overthrown and a strong one put in its stead. To many of the orders a monarchy was the ultima Thule, although others looked forward to a form of dictatorship. The patriotic orders expected to install their own authorities by a putsch, scorning the slow results of political action. In fact, most of them decried parliamentarism as antiquated, sterile, and weak.

Since a violent capture of the government depended upon military force, all the organizations were on an army basis. They had uniforms. They met for military training. They responded to military orders. They had rifles, pistols, machine guns, and attempted to secure light cannons. Their plans were far-going and included lists of automobiles which were to transport the men when the hour struck. Superficially they wore a fierce mien and a determined air. In fact, they were ill equipped and woefully trained. Their maneuvers could be learned by schoolboys in a few weeks. Tanks, airplanes, heavy artillery, adequate munitions failed them.

The Allied Control Commission was very insistent that the organizations be dissolved. It is quite unlikely that any competent soldiers took them seriously, although the Allies used them as an excuse for refusing to dismiss the control commissions. The only threat from these orders was to the German

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government and not to the Allies. They could not have coped with a fourth-rate army of equal size, let alone France with her huge, proficient army.

But to German order they were a very real menace. Probably the greatest danger from an overthrow was presented by the Black Army which was founded in 1922. This body worked in close contact with the army authorities. The duty of its members was to collect arms and munitions hidden by the farmers in defiance of the edicts of the Allies. In this capacity they were day-laborers for the army. Gradually the character of the organization was changed to that of recruits in army training.

Rigid military formation was observed. Treasonable ideas possessed the leaders. They plotted the overthrow of the government. They got into contact with other patriotic orders and arranged to train some of their men. Although the regular army officers were supposed to supervise the work of collecting the hidden arms, not one of them reported suspicious activity. The army itself was ridden with conservatives who openly sympathized with the opposition. The supervising officers conveniently ignored irregularities or allowed information to precede their arrival so that superficially everything was in order at inspection.

The Schwarze Reichswehr (Black Army)—in German "black" denotes dark, secret—took all pains to keep its intrigue from the public. From time to time privates in the secret army would get tired of the life and threaten to denounce the body to the officials. They were then dealt with by the "feme," or secret court. After a summary trial by officers the foregone conclusion was a sentence of death. The murder gang then took the culprit out to the marsh or woods, where he was shot and buried. A few years later the execution squad was brought to trial for murder and the whole sordid activity revealed. The connection of the regular army with the plotters is still in doubt, but some cognizance of the immediate army officers is certain.

The Ruhr invasion brought matters to a head. Plans were

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consummated for the coup. Finally on October 1st Major Buchrucker, who had got nervous over a warrant for his arrest signed on September 26th, ordered his division to commence action. His five hundred men were easily repulsed by the regular army forces at Küstrin and he himself arrested. Buchrucker had not even notified the other divisions of his plans. His action was hasty, ill prepared, and entirely incompetent.

The determination of the Cuno government to resist the French invasion of the Ruhr was hailed with delight by the rights. But the termination of the passive resistance campaign by surrender evoked cries of rage. That move brought a crisis. In Bavaria, the temple of reaction, plans were made to march on Berlin. The chancellor of that state decreed a state of emergency and made himself State Commissioner, virtual dictator. This was done to suspend all federal law and to give a free reign to final preparations for the overthrow of the federal government. Troops were concentrated on the Thuringian border under the captaincy of Ehrhardt. The plot was almost brewed. Hitler and Ludendorff, heading the National Socialists, dickered with Kahr, the dictator, on the terms of coöperation.

November 9, 1923, the word was given for the onslaught. Hitler, Ludendorff, and Kahr met in the Bürgerbräu, a famous beer hall, and agreed to start events. But somehow disagreement broke out before matters went any further, and the troops of Hitler and Ludendorff met the determined opposition of the regular army. The revolt was so easily suppressed that it has been humorously called the Beer Hall Putsch.

The Ruhr raid raised reaction to its zenith. The Republic reached its nadir. The elections of May 4, 1924, resulted in sweeping gains by the conservatives. The Social Democrats lost 4,500,000 votes over against the 1920 elections, and their delegates to the Reichstag sank to 100 from 194.

Before the decisive events of 1923 the reactionaries had engaged in other methods of expressing their disapproval of a government that could not modify the harshness of the Allied

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demands. They sought to fulfill their desire of "revenge for November 9th" by "death to treason." They organized assassination. Any statesman who championed conciliation and understanding was a traitor. They pronounced the sentence of death upon him and proceeded to carry out the decree. A series of appalling murders took place.

The first was the attack upon Haase as he entered the Reichstag on October 8, 1920. He died a month later on November 7th. Erzberger bore the intense hatred of the rights. His taxation program worked them into a passion. On August 26, 1921, two young soldiers from the Ehrhardt Brigade shot him down at Bad Griesbach in the Black Forest and pumped twelve more bullets into his prostrate body. Scheidemann, who became Mayor of Kassel after he resigned the chancellorship when he refused to approve of the Peace Treaty, was attacked by two young men, also Ehrhardt followers, who threw prussic acid at him. Maximilian Harden, the journalist known abroad for his attacks upon the Kaiser, was beaten within an inch of his life. His attackers immediately fled to the party office of the German Nationalists in search of money. Eisner, Liebknecht, and Luxemburg had met their end at the hands of the reactionaries early in the Revolution. But the most dastardly crime of all was the murder of Rathenau, minister of foreign affairs, on June 24, 1922. More young adherents of Ehrhardt borrowed an automobile from a conservative industrialist of Saxony and drove to Berlin. When Rathenau came down the boulevard on his way to Wilhelmstrasse, they showered him with bullets, killing him instantly. Being a Jew and a hearty advocate of conciliation, he was doubly hated.

Altogether this campaign of slaughter netted the deaths of 354 lefts. These men were not killed by a definitely organized gang but by men and boys, many of them still in their teens, so imbued with the conviction that the lefts were responsible for the plight of Germany that they considered their monstrous actions heroic deeds. Their environment encouraged them. Most

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of them belonged to the infamous Organization C. The atmosphere in which they moved and the utterances of the conservative leaders were as much to blame as they. After a murder of a prominent politician the rights acted and spoke in a manner to indicate that just dues had been meted out.

The administration of justice treated the murderers leniently. The conduct of the cases and the attitude of the judges aroused considerable indignation among the republicans. Not only in the punishment of these assassins has the judicial comportment been questionable but in a great host of other cases of a political character. The "feme" trials showed a marked disposition on the part of the judges to lean toward the reactionary side. The burly brute who exercised his gigantic strength in felling the helpless victims of the Black Army "feme" courts was idolized by the judge who tried him and called "an honorable, old soldier." The pension trials of von Lüttwitz, the military leader of Kapp's expedition, of Bischoff, an assistant, of von Jagow, have resulted in the complete vindication of the demands of these traitors for pensions from the state which they were engaged in overthrowing. The suits for a revalorization of the indemnities paid the dukes and dispossessed nobles during the inflation have awarded choice settlements for the litigants. Plotters and confessed putschists, whose seized correspondence reeks with conspiracy and active sedition, have been released on the specious plea that they were merely constructing imaginary hypotheses, which were never to be translated into reality at a favorable moment. Perhaps the worst discrimination is that shown by the courts against the Communists, who are sentenced to prison terms for poems and novels and even for setting type.

The biased attitude of the courts has resulted in some very disastrous convictions for sedition. The trials under this section of the law are so serious because they lend themselves easily to political prejudice. Sedition includes the publication of any fact or action that may be harmful to the state. It makes no

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difference whether the publication be the true report of a violation of law or a misstatement of fact. This interpretation was meant to punish persons who informed the Allies, either directly or indirectly, by telling in German newspapers of hidden arms or illegal training of troops. But it has been used as a device to penalize lefts, who usually stand for conciliation.

The abuses committed by the courts have led to an insistent demand for reform. The whole department of justice must be impregnated with a new spirit, the spirit of republicanism. Public opinion can force some modification in the prevailing attitude of appointees put in office during the empire, but the life tenure of office and the natural conservatism of legal administrators will make it slow.

Fortunately the internal conflict has been waning ever since the acceptance of the Dawes Plan and the attitude of the courts becomes less important. The Republic has been consolidating itself from year to year until now it is impregnable. The extreme nationalism had run its course with the Ruhr invasion. Moderation appeared on both sides of the Rhine border. Conciliation was the only possible path for Germany, unable to meet arms with arms.

The Dawes Plan was a great amelioration to Germany, which had long pleaded for some scientific procedure in reparations. The gratitude of the Germans was expressed by the fact that the German Nationalists, the bitter opponents of all Allied policy, found themselves forced to instruct sufficient of their deputies to vote for the Railway Act to assure its passage. The nation demanded with such force the rational step which the experts' plan represented that even the extremists had to aid. The turn in public sentiment came with the Dawes Plan, for the December, 1924, elections quickly withdrew the gains the ultra-extremists had registered in June of that year.

The sensible course of foreign policy initiated in the reparations problem was continued in the political field by the Locarno treaties. The generous concessions Germany made by renouncing

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all future aggressive attempts to regain Alsace-Lorraine were too much for the Nationalists, who voted against their ratification. But the attendant achievements of Stresemann in entering the League of Nations and securing a permanent seat on the Council, the evacuation of the first Rhine zone, the dissolution of the control commissions have made him a fixture in every cabinet.

The Republic was left with a host of problems; indeed, every major problem of the post-war period is directly traceable to the failure of the imperial régime. But slowly it has overcome the embarrassments, one by one, and now it has very real gains to display and flaunt.

Whatever our ideas of the League of Nations may be, the invitation for Germany to join was a real achievement. The Allies had made her membership in the League a prerequisite to the coming into force of the Locarno treaties. She agreed if she were given a permanent seat on the Council of the League. On February 10, 1926, her application for membership to the League of Nations was received in Geneva. Negotiations with the governments represented on the Council had assured her that she would receive such a seat. The March meeting of the League, however, turned out to be a fiasco when Poland, Spain, Brazil, and China all demanded permanent seats also. Germany's application had to be postponed to the September meeting, when she refused to accept a seat if other countries also were admitted to the Council. The League was at a crisis, but the great powers succeeded in patching up matters so that in September Germany was elected to her coveted seat.

Admission has been a great triumph for the republic. Germany is an equal now of France and England. The two latter, Italy, and Germany constitute the Big Four. Stresemann addresses the sittings in his own tongue, restoring further prestige to things German. To make the achievement more complete the League has taken a body of Germans into the administration.

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Inside the League Germany has been able to exert influence in her direction. By her internal activities she has succeeded in changing the character of the administration of the Saar. A former Finnish Minister of Foreign Affairs, Ehrenroth, has been named to replace the Belgian Lambert on the Saar body. If she were not in the League her desires would have had scant attention and the great French sympathy of that control organ would have been preserved.

Stresemann also took up the cudgels immediately after Locarno to secure the dismissal of the Allied Control Commissions. This was a triumph such as has given him a secure place in German diplomatic history.

The drift to the Republic seemed to be reversed for a moment, with the death of Ebert in February, 1925. The nation chose as his successor Hindenburg, the great war hero, by a vote of 14,655,766 to 13,751,615 for Marx, the republican candidate. The war hero had been induced to make the campaign, despite his age of seventy-seven, by the Nationalists, who hoped to deal the Republic a mortal blow through his popularity. But much to their chagrin the old warrior stanchly has stood by his oath to protect and defend the existing order. He has championed Locarno and has refused to permit the rights to trade on his reputation.

Again in 1927 it seemed that the current of republicanism had spent itself when the German Nationalists brought the third cabinet of Marx to a fall by a clever but unscrupulous political ruse. They forced themselves into the cabinet, where they became the strongest governmental party. But even in the moment of reverse the Republic was triumphant. The Center and People's parties refused to associate themselves with the Nationalists until they publicly made a confession in the Reichstag that they acknowledged the legality of the Locarno treaties, which had been passed without the two-thirds vote necessary to a constitutional amendment, that they accepted the Republic with all its symbols including the black, red, gold flag, which they spurned

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for the imperial flag of black, white, red, and that they admitted that the army must be an instrument of the Republic.

The responsibility of administration drew the fangs of the poisonous bite of the die-hards. Hitherto they had stumped the country as the inveterate oppositionists. Whatever the Republic had to offer was scorned. Dawes Plan, Locarno, League, were worthy only of oblivion. Why had the administration not evacuated the Rhine completely, why did it permit the continuance of the corridor, why, why? Now they have steered the governmental machine themselves and have presented to their disenchanted electorate not a single advance. The Allies viewed their entrance into the government with great concern and France refused to continue negotiations pending.

The disillusion of the voters expressed itself in the elections of May 20, 1928, when the lefts experienced a tremendous victory and the Nationalists an overwhelming defeat. As a result of that victory the Republic has been strengthened beyond any attack. The elections have shown that the decisive majority of the nation realizes that the Republic is the only viable organism for the present Germany.

The Social Democrats have remained through all the vicissitudes of Allied oppression and the consequent mounting extremism undisputably the largest political party in the country. They lost votes by the millions but recouped them in like high figures at the last voting. The split that occurred during the war when the Independent Socialists separated from the mother of the new régime was overcome only slowly. Scheidemann, the Majority Socialist leader, had made efforts to secure a reunion in 1919 but the Independents' Congress at Leipzig during the first week of December of that year rejected his advances. The Independents continued in a crippled way for three more years. At their annual convention in Halle on October 16, 1920, a split occurred over the question of joining the Third International. The Lefts deserted and joined the Communists. Despite this weakening the overtures of the Majority Socialists were ignored.

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The party convention of the Social Democrats rebuffed the Independents the following year at Görlitz when they resolved to coöperate with any party supporting the Republic. Finally on September 21, 1922, the two parties were happily reunited. And so the war wounds have been closed.

The party that finds advantage in the present political situation of multi-parties and fundamental animosities is the Catholic Center. It has been represented in every cabinet since the National Assembly and has contributed the chancellors for seven of the fifteen post-war cabinets. Standing as it does in the middle, able to concede a point here and there, without any extreme opinions and yet able to work with the right and the left, the Center holds a strategic position. It is the indispensable party. Fundamentally it is a religious organization, formed to protect Catholic interests, and it is therefore willing to ally itself with any group or groups where these matters can be best furthered.

For the first time in its republican history the Center Party lost over twelve per cent in the 1928 elections. This may be directly attributable to the tendency in the party during the preceding year to direct the organization energies into the channels of reaction. Since the party draws over fifty per cent of its strength from the workers and the workers are republicans, a great outcry went up which clearly warned the leaders where sentiment stood. The results of the election as revealed in the Center vote again emphasize the solidity of the republican idea in Germany.

The elections of 1928 not only marked a great accession to the lefts and a recession in the rights, but the whole group of middle parties lost ground. The German People's Party, Stresemann's own, and the Democrats suffered great reductions. Already overtures have been made looking toward a union of all middle parties, and the People's and Democrats in particular. Since no great principles divide them, it would seem that their defeat might be a great gain for the country if as a result fewer parties should ensue.

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The 1928 elections marked the high tide of republican sentiment in Germany. The Republic had been created on the *reductio ad absurdum* method. The monarchy had eliminated itself by permitting itself to be dragged into utter defeat. The efforts to revive the kingship after the Armistice were lamed by the Kaiser himself. The regenerated royalists could not overcome the overwhelming handicaps that their royal protagonist had presented them. The greatest difficulty was the flight. The tradition of the Hohenzollern dynasty was warlike and heroic. It had built the great Prussian state on the force of arms. Victory had been its nourishment. Defeat would be its downfall. As early as the summer of 1917 perspicacious government circles realized that a revolution would follow defeat. Frederick the Great was the outstanding glory of the Hohenzollern line. He had been of Napoleonic stature full of resolve and pugnacity. Wilhelm the Last had been proud to recall on numerous occasions his kinship with this historic figure. His flight to Holland may have been a state necessity. It probably saved Germany much anguish and blood. And he declared, some weeks after his safe arrival, as a *pensée derrière*, that his motive in fleeing was his country's good. But to a nation of war heroes it seemed too much like the scurrying of a rabbit. The comparison with the bellicose Frederick who intrepidly accompanied the vanguard of his troops and carried a vial of poison to prevent his becoming the Roman spectacle of a prisoner of state was too shabby.

It is well to recall in this connection the plan that emanated from officer circles, and which General von Gröner, Ludendorff's successor, voiced to his fellow generals. After his return from Berlin he broached the idea to the two adjutants of his Majesty that only the most dramatic procedure could save the Kaiser. He proposed that the monarch go out in the front lines with his troops and let Fate decide whether he live or die. Should he die, there could be no finer death for a warrior Hohenzollern. Should he live, there would be a revolution in the sentiments of

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the German people. The two adjutants were unequal to such a momentous chance. Gröner carried his ideas to the Field Marshal Hindenburg. It was a deed of this character that Germany expected from a Hohenzollern, and from one too who had always played up the soldiers and whose every picture was in some military or naval uniform. Everyone was convinced that a Hohenzollern would never abdicate. His flight literally stunned the nation.

The hasty and unreflected departure in the gray of morning for Holland in the court train sealed the dynastic fate. It was a simple solution for Germany, and fortunate. His presence would have been a constant irritant to the republican government. He would have been the nucleus of incessant plotting. Even a nation weary and disillusioned on monarchy would have fought to prevent the extradition of a man who had been honored for years as supreme ruler. For Germany it was, indeed, lucky that he went. To the monarchy it was fatal.

Not satisfied with having committed this monumental blunder Wilhelm could not wait to live it down. He precipitated himself into new embarrassments. The Kaiserin pined to her death after the ignominy of the flight and the Republic. Her gentle, motherly spirit had made her an exemplary queen. She was beloved by her people. The mother of six boys and one daughter, she had typified German family life. The ex-Kaiser brought new reproaches upon his head by his hasty marriage to Hermine, Princess of Schönaich-Carolath, a widow with four children. She was characterized an ambitious, young upstart.

The grandiose pretentiousness in which he continued his daily life in his obscure Dutch refuge struck a flat note. The elaborate court ceremonies, the theatricality of his entourage, awakened distinct distaste. It showed an inability to adjust himself to reality. He continued the farce of being the emperor. The Hollandish town might have been Potsdam or one of his many residences in Germany. This unnecessary and senseless grandeur cost a pretty penny and impoverished Germany paid the fiddler's bill.

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The necessity of securing funds to carry out his ambitious plans forced Wilhelm into another of his mistakes. He pressed his demands for a property settlement with Prussia. In the course of generations the family of the Hohenzollerns had accumulated a vast amount of property. As the heads of a powerful dynasty wealth flowed to them from hundreds of sources. State, marriage, taxes, gifts, extinction of issue of enfeoffed vassals, open expropriations were only some of the ways. Thirty-eight castles and palaces are listed as property of the Hohenzollerns in Prussia alone. The crown entail was composed of family plate, crown jewels, art treasures, mortgages, cash in bank, and other valuables. Vast quantities of splendid property, office buildings, homes and mansions rented out, swelled the list. Art museums, graced by the homages of foreign sovereigns and peoples, belonged to the dynasty. Theaters and opera houses were royal property. The total has been valued at two billion six hundred million marks.

Obviously, the larger part of this acquisition was made through the accident of sovereignty. For generations, particularly under Frederick the Great, the country was an absolute monarchy, belonging in its entirety to the king. And when the time of transition came the Hohenzollerns made a settlement with the nation very favorable to themselves. Every Prussian king made great efforts to wrench as much money as possible from the state and Wilhelm the Second was no exception. He always clamored for more money to keep up his and Germany's position in the world.

Now that Wilhelm was idle at Doorn in Holland he found much time to present his demands to the new Republic. He claimed a large part of these millions. Prussia had sequestered the whole property, awaiting its disposition by the legislature. The ex-Emperor brought suit after suit against the government. There was no good test to distinguish what was his private property and what was state property. He insisted upon enormous payments.

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In the meantime Germany was going from poverty to misery. There was not enough money properly to administer the educational system. The people were out of employment and the government could not feed them. Children starved. And yet the Kaiser continued his exactions. He must have sufficient money to live in grandeur, while his subjects hungered. That was how royalty looked after its subjects. The little news items announcing that another million had been sent last week to the Kaiser at Doorn did not make the people favorable to a restoration.

Finally the Socialists and Communists became so enraged over the continued payments that they proposed to end the whole matter. Taking advantage of the constitutional clauses on the question of initiative and referendum, they joined forces and canvassed the nation for an out-and-out expropriation. In recognition of the national sentiment the ex-Kaiser offered to settle his claims for \$7,000,000 and 250,000 acres of the best land. This fanned the blaze rather than quenched it. With an electorate of approximately forty millions it was necessary to secure four million signatures to their project. They secured 12,523,939. This entitled them to a national vote. In the plebiscite 14,889,703 favored taking away all royal property without a pfennig compensation. But it was not enough since twenty millions were needed. It showed, however, the temper of the people. If fourteen millions in 1926 were willing to violate the generally accepted rules of private property, there would be millions more against a restoration. Many who opposed a monarchy did not vote for the expropriation because they feared other properties would follow. The example of Russia was before them. The monarchists made broad use of this argument in the election campaign. In the small cities and villages the German Nationalists organized a reign of terror. They announced that the names of all those who went to the polls would be kept on their black list to be boycotted in the future. To tradesmen this was serious.

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Even more ridiculous and grasping are the demands of the nobility. Prior to the Napoleonic wars Germany was a complex of four hundred and more principalities, duchies, kingdoms. Some possessed no more than a castle, others large domains. Napoleon cut away heaps of this underbrush, summarily abolishing many of these petty rulers. At the Congress of Vienna, many of these disinherited nobles were reimbursed by annuities, payable by the various German states. Other nobles had acquired rights over against the state by a surrender of antiquated dues. Thus there was the Jew money which the Israelites had to pay in the Middle Ages. Most of them were sillier. The old medieval rights of receiving fowl every time a child of the nobles was married, of gathering rags, of hunting, cutting wood and other outlived medieval dues had been settled by money payments in the transition to the modern world centuries ago. Now the lords demanded that the Republic, the very abnegation of all this mummery, should continue to pay in perpetuity. The people, even the monarchistic adherents, could not swallow these outrageous demands. The restoration of the kingdom and the nobility was not furthered by these tactics.

Scandalous was the disclosure that part of the demands would be used to pay the annuities which some of the reigning dukes had bequeathed to their mistresses. Thus the Grand Duke Adolf of Mecklenburg-Strelitz left his "dear friend, the Countess of Matzenau" (a title bestowed upon her for her "loving" services), twenty thousand marks annually. On the other hand Prussia was asked by the Hessian heirs to pay the money which the erstwhile rulers of that duchy had obtained from England for hiring out her soldiers in the American Revolutionary War. The money received from England had been turned into the treasury of the Hessian dynasty, and when it was sequestered after the German Revolution in 1918 the family demanded a settlement. A real case of blood money!

The monarchy had outlived its day and was replaced by the overdue Republic. The barnacles that had fastened them-

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selves onto the monarchical ship of state in the course of centuries had to be cleaned off. But Germany could not lay up the ship of state in dry dock long enough to give it a thorough overhauling. The terms of the Peace Treaty demanded its constant use. After passing through the frigid waters of the post-armistice period and the hot water of reparations the drags were gradually loosened. Finally they were literally torn off in the swift current of republican victory in 1928.

The Republic stands today at the threshold of great efforts. The solidarity has not yet quite been reached, but the opposition is visibly weakening. The attacks upon the Constitution are not so vicious as they were formerly. The Weimar document has weathered all kinds of storms, proving its sound construction. It has admirably served its purpose of introducing the Republic and the parliamentarized government. Political democracy has been achieved brilliantly. Germany stands in the van of advanced governmental systems. The minority is carefully guarded by the proportional elections, by the investigating committees which can be created by one-fifth of parliament, by the provision that one-twentieth of the electorate may hold up a law. The liberal clauses enacting that war may be declared only by law, that reconciliation shall be taught in the public schools, that parliament only may conclude alliances, that foreign territory may be annexed only with its consent, that international law shall be part of German municipal law are provisions that other countries would do well to copy. They are clauses alone that make the Weimar Constitution a precious document.

The constitution perhaps came into existence only as a truce between conflicting theories of social life, but the clauses of the fundamental section are so well balanced that future legislation can safely find a prop in that part of the charter upon which to base its principles. The constitution is certainly confused in many of its aspects, in the cabinet and President, in its attempt to establish both a direct and an indirect democracy.

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But like other anomalous realities it functions better than many a theory translated into practice.

The Reichstag is supreme. Its great checks are the Reichsrat and the President. Theoretically the referendum and initiative were to serve as counterbalances, but the very size of the country has nullified their use. The requisites for their muster were purposely set high so that needless calls would not be made upon such costly machinery. The Reichstag like its forerunner has not yet fully grasped the possibilities within its reach. There is nothing in the way of the legislature, if dominated by mighty purpose, to prevent its dominating the governmental scene. Its own inhibitions still hem it in. The President can still trespass upon parliamentary rights without a serious objection from the Reichstag.

But with all its faults the institutions created by the Weimar Constitution contain the necessary contents for the successful government of Germany. The success attained under its ægis attests this fact already. The one great problem that has faced Germany for centuries it did not solve. Nor is it likely that any other constitution that could be drawn up in the seeable future could eradicate the question of the relation of the states to each other and to the nation. Preuss' idea of splitting up Prussia and the rest of the country into divisions based on the old Germanic tribes failed completely. No one great resolute opinion exists on the solution of the matter. Only the slow evolution of time will solve it. It is probable, however, that the heightened unity of the new Germany will gradually erase the border lines between the states just as it has done in the United States and other federal nations. The states will come to have less and less individuality. The abolition of the state dynasties was a tremendous step forward.

But, whatever development the nation may take, there seems to be no reason why constitutional restrictions should stand in the way. Germany is not hindered by any such super-constitutional checks as the American Constitution places in the way

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of changing the number of senators for each state or as the French law which declares that the republic may never be changed. The amendments to the constitution are so simple that any desired modifications may easily be made. The main problems, however, have been solved, and in the next decade we may expect to see a consolidation rather than further changes. The great effort that the formation and adoption of the Weimar charter represents cannot be made every few years.

The German Republic has triumphed, but its struggle was real. The indifference and open suspicion to which the young German Republic was treated is one of the amazing facts of modern history. In an age confronted with the war breakdowns, the disillusion of war settlements, with the loss of faith in democracy and the jubilant denial of liberty and personal rights, the German experiment had to show its vitality by asserting itself against opposition and crouching hostility. Through the blistering blasts of Bolshevism, through the degradation of treaty and reparations, through the ferocity of Fascism, German democracy stood as the strongest bulwark of free representative government on the European continent. Today, when its enemies have receded into the background, the republic stands firm, tolerant, superior, ready to pull the country out from the last soft spots of the war mire.

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